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Coordination, programme and other questions: mainstreaming a gender perspective into all policies and programmes in the United Nations system

Mainstreaming a gender perspective into all policies and programmes of the United Nations system

Report of the Secretary-General

Summary

The present report is submitted in response to Economic and Social Council resolutions 2006/9 and 2006/36, in which the Council requested the Secretary-General to report on implementation of these resolutions. In response to resolution 2006/36, the report provides a summary of progress made so far in building capacities of staff of the United Nations system in gender mainstreaming and highlights the related challenges. The review of implementation of resolution 2006/36, conducted by the Office of the Special Adviser on Gender Issues and Advancement of Women, revealed that, while progress has been made in capacity-building by United Nations entities, there is considerable variation among United Nations entities with regard to efforts to strengthen gender mainstreaming capacities systematically. A gap remains between understanding of basic gender mainstreaming concepts and the actual day-to-day work of staff. Enhanced concerted efforts are needed to build individual and organizational capacity for gender mainstreaming. Further to resolution 2006/9, the report also provides an assessment of the impact of the Commission on the Status of Women's input to discussions within the United Nations system.

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The report recommends strengthening linkages between building United Nations staff capacities in gender mainstreaming and the realization of organizational goals of United Nations entities on gender equality and the empowerment of women. In particular, it recommends building the institutional capacity of the United Nations system using the United Nations system-wide policy on gender equality and the strategy on gender mainstreaming endorsed by the Chief Executives Board for Coordination.

I. Introduction

1. In paragraphs 4 and 9 of its resolution 2006/36, the Economic and Social Council reaffirmed gender mainstreaming as a globally accepted strategy for promoting gender equality. Recognizing that training is critical to increase awareness, knowledge, commitment and capacity of staff regarding mainstreaming a gender perspective in United Nations policies and programmes, the Council called on the United Nations system to undertake a series of steps to strengthen training and capacity-building to mainstream a gender perspective into all policies and programmes and requested the Secretary-General to report on implementation of those steps.

2. In paragraph 19 of its resolution 2006/9, the Council called on the Secretary-General to include, in his report on the review and appraisal of the system-wide implementation of its agreed conclusions 1997/2, an assessment of the impact of the Commission's input to discussions within the United Nations.

3. The present report was prepared in response to these resolutions. Section I of the report contains a brief introduction. Section II is organized around thematic clusters established by the Council in its resolution 2006/36. It covers the commitments of United Nations entities to gender mainstreaming training, integration of gender perspectives into other training courses, innovative forms of capacity-building, management leadership and support, follow-up to training and impact assessments, accountability, knowledge networks, inter-agency collaboration and country team capacity-building. Section III provides an overview of the impact of Commission input to discussions within the United Nations system. Section IV of the report contains conclusions and action-oriented recommendations.

4. The report draws on information and data provided by 40 United Nations entities[1] in response to a questionnaire designed and distributed by the Office of the Special Adviser to the Secretary-General on Gender Issues and Advancement of Women. The responses formed the basis for a review of training and capacity-building activities in the United Nations system undertaken in 2005-2007. At its sixth annual session, in February 2007, the Inter-Agency Network on Women and Gender Equality held further inter-agency consultations on a variety of capacity-building issues, the outcome of which supplemented the above-mentioned information. The report does not provide a full account of all activities undertaken by the United Nations system in the area of capacity-building. Rather, it provides brief examples of progress made and remaining challenges.

[1] Department of Peacekeeping Operations, Department of Political Affairs, Department of Public Information, Division for the Advancement of Women, ECA, ESCAP, ESCWA, ECE, FAO, IAEA, ICAO, IFAD, ILO, IOM, ITU, International Trade Centre UNCTAD/WTO (ITC), International Training Centre of the ILO, UNAIDS, Office for the Coordination of Humanitarian Affairs, Office of Internal Oversight Services, OHCHR, Office of the Special Adviser on Gender Issues and the Advancement of Women, secretariat of the Permanent Forum on Indigenous Issues, the World Bank Group, UNIFEM, UNICRI, UNICEF, UNCTAD, Department for Disarmament Affairs, UNDP, UNESCO, UNEP, UNHCR, UN-HABITAT, UN-INSTRAW, UNFPA, WFP, WHO, WIPO and UNRWA.

II. Implementing resolution 2006/36

5. The review confirms that capacity-building for gender mainstreaming is a necessary ingredient for achieving global goals in many areas, including development, international peace and security, human rights, the environment, humanitarian assistance, food security, health and human settlements. It is central to the effective integration of a gender perspective into all policies and programmes of the United Nations system. It both presupposes and promotes organizational change in the direction of greater equality, better efficiency and more soundly based planning and programming, by paying attention to the interests of both women and men. A culture of system-wide commitment to gender mainstreaming in policies and programmes and the related capacity-building is beginning to take hold in the United Nations.

6. A series of initiatives was launched by the Secretary-General, including measures to foster a culture of accountability and responsibility, system-wide coherence and investment in staff development of the Secretariat and the wider United Nations system, based on the premise that organizational change and capacity-building are mutually reinforcing. In paragraph 166 of the 2005 World Summit Outcome (General Assembly resolution 60/1), the Secretary-General was called on to take further steps in mainstreaming a gender perspective in the policies and decisions of the Organization. In response, a system-wide policy on gender equality and the empowerment of women and a strategy on gender mainstreaming were developed in the framework of the Network chaired by the Special Adviser on Gender Issues and Advancement of Women (see E/2006/83). The policy and strategy were discussed and supported by the High-level Committees on Programme and Management of the Chief Executives Board for Coordination (CEB) and endorsed by the Board in December 2006.[2] The policy and strategy include capacity-building as a core element.

7. The review of implementation of Council resolution 2006/36 showed that considerable progress has been made in training and capacity-building in the United Nations system at both the individual and organizational levels, with new tools and approaches continually being developed. At the individual level, capacities of United Nations staff are built in line with specific organizational mandates by improving the abilities of individuals to conduct gender analysis, enhancing leadership and advocacy skills and gender mainstreaming technical and organizing skills and other competencies directly related to successful job performance. At the organizational level, capacity-building involves improving the ability of United Nations entities to achieve gender equality goals within their mandates by improving governance, engendering leadership, planning, programme development, delivery and evaluation, gender-sensitive fundraising, diversifying partnerships and collaboration and promoting organizational and policy change, including addressing accountability of senior management and responsibility of all staff for gender mainstreaming.

8. However, the review also demonstrates that a large gap remains between an understanding of basic concepts of gender mainstreaming and the actual day-to-day work of staff. There is also considerable variation among United Nations entities

[2] For the approved system-wide policy on gender equality and the empowerment of women and strategy on gender mainstreaming, see CEB/2006/2, annex.

with regard to efforts to systematically strengthen gender mainstreaming capacities. Enhanced concerted efforts are needed to build individual and organizational capacity for gender mainstreaming to assist Member States and enhance their national capacity to achieve gender equality and empower women. The challenge is how to mobilize the collective capacity-building potential of the United Nations with greater coherence and focus.

A. Commitments to gender mainstreaming training

9. In paragraph 4 (a) of its resolution 2006/36, the Council requested that the United Nations system make specific commitments annually to gender mainstreaming training, including in core competence development, and ensure that all gender equality policies, strategies and action plans include such commitments. In paragraph 4 (b) and (c) of the same resolution, the Council called on the United Nations system to provide specific ongoing capacity-building, inter alia, through training, for gender specialists and gender focal points, including in the field and to make gender mainstreaming training mandatory for all staff and personnel and develop training for different categories and levels of staff.

10. The majority of United Nations entities have an institutional gender mainstreaming strategy or broad framework. Of a total of 40 respondents, 22 reported having a specific strategy on training or capacity development for gender mainstreaming, while the remainder use an ad hoc approach. In January 2007, the World Health Organization (WHO) approved a strategy to integrate gender analysis and actions into its work. The International Labour Organization (ILO) revised gender equality action plan for 2008-2009 makes specific reference to training and capacity-building on gender mainstreaming and gender equality for ILO staff. Eight entities are in the process of developing training strategies.[3] Among the entities with training strategies, several have no action plan for their implementation and only a few have allocated a budget for these purposes.

11. The majority of entities reported that a large proportion of their gender mainstreaming capacity development efforts target programme staff, including gender specialists, advisers and focal points. Greater collaboration within the United Nations system entities and the development of joint training curricula are taking hold to make best use of the increasing number of gender advisers, specialists and focal points, particularly in country offices. In 2006-2007, the United Nations Environment Programme (UNEP) organized workshops for seven UNEP divisions and six regional offices and trained 15 gender focal points to support implementation of its gender action plan.

12. In order to accelerate achievement of gender equality goals, many United Nations entities have instituted mandatory and regular gender mainstreaming training for staff. Such entities include the Department of Political Affairs, the Economic and Social Commission for Western Asia (ESCWA), the Economic Commission for Africa (ECA), United Nations Educational, Scientific and Cultural Organization (UNESCO), UNEP and United Nations Development Programme (UNDP). However, in most United Nations entities, capacity-building for gender

[3] IAEA secretariat of the Permanent Forum on Indigenous Issues, WHO, IOM, UNEP, UNICEF, UNAIDS and ICAO.

mainstreaming remains primarily ad hoc and voluntary. Thus, beyond their own interest, staff members have no incentive to participate in training. By the same token, there are no rewards or penalties for availing oneself of or not taking advantage of training opportunities. A 2005 evaluation of gender mainstreaming in UNDP came to the same conclusion with regard to training for gender mainstreaming within UNDP (DP/2006/5). In most entities, gender training takes the format of one-day seminars or workshops providing general orientation or sensitization on gender issues, but training opportunities of longer duration that have greater potential to impart more substantive gender mainstreaming skills should also be used throughout the United Nations more frequently than they are now.

13. However, the review demonstrated that systematic institutionalized capacity development requires the following three key elements: a strategy, an action plan and a budget as important indicators of long-term organizational commitment to gender mainstreaming. Entities with all three elements include the World Food Programme (WFP), World Bank, Department of Political Affairs, International Training Centre of the International Labour Organization, Economic Commission for Africa (ECA), United Nations Population Fund (UNFPA), UNESCO, Office of the United Nations High Commissioner for Refugees (UNHCR), Economic and Social Commission for Asia and Pacific (ESCAP) and the United Nations Fund for Women (UNIFEM).

B. Integration of gender perspectives into other training courses

14. In response to paragraph 4 (d) of Council resolution 2006/36 in which the United Nations system was urged to ensure the integration of gender perspectives in relevant training courses, including in induction courses, training on results-based management frameworks and training on the project and programme cycle, the review evaluated the integration of a gender perspective into training related to staff orientation or staff induction, programme design, financial management, programme evaluation, leadership development and results-based management.

15. In most entities, progress has been made with regard to staff orientation, programme design and programme evaluation trainings. The United Nations Children's Fund (UNICEF) has incorporated gender sensitive causality analysis into its programme evaluation training. The Department of Peacekeeping Operations has incorporated a four-point action plan for enhancement of gender mainstreaming into the strategy framework for predeployment planning, to ensure that all related capacity development has a strong gender perspective. In 2006, UNEP incorporated gender sensitivity and poverty alleviation into 18 management training sessions for approximately 300 UNEP staff members from headquarters and field offices. This was the first attempt by UNEP to demonstrate the benefits of incorporating a gender perspective throughout the project cycle.

16. However, the review revealed that despite the many advantages of the results-based management approach, integration of a gender perspective is weakest in training related to results-based management. A 2005 survey of 11 entities conducted by the Inter-Agency Network on Women and Gender Equality task force on monitoring, evaluation and reporting in results-based management found that entities facing the greatest challenges in mainstreaming a gender perspective in

results-based management were those where policies, strategies and workplans on gender equality goals were least developed.

C. Development of innovative forms of capacity-building

17. In the same resolution, in paragraph 4 (e), the Council requested the United Nations system to develop innovative forms of capacity-building, in addition to formal training, including by using information and communication technologies and systematically assess the effectiveness of new approaches.

18. In many United Nations entities, training methodology has evolved beyond conventional training workshops to include innovative forms of capacity development for gender mainstreaming. Flexibility in programme design with training modules or resources that can be mixed and matched to deliver a programme adapted to specific mandates, participatory working meetings, systematic follow-ups based on gender audits and use of electronic platforms and networks have emerged as new forms of capacity-building to equip staff with the competencies necessary for effective performance.

19. The Office of Human Resources Management has developed two flexible modular training courses, one on gender and diversity and the other on mainstreaming the gender perspective. The courses can be adapted to specific audiences, circumstances and mandates of offices or divisions in the Secretariat to strengthen staff's gender-related core skills and gender mainstreaming capacities in specialized areas. This methodology proves cost-effective and permits rapid planning and implementation. Using the same methodology, the Office is also piloting a new training course on how male and female communication styles differ in order to enhance communication in a diverse workforce. These initiatives are in line with paragraph 195 of the report of the Secretary-General on investing in people (A/61/255), which stated, inter alia, that gender mainstreaming programmes would be increased to promote gender sensitivity in the workplace and promote diversity awareness and cross-cultural sensitivity. Development programmes for women leaders and emerging women leaders at the middle-management level would be expanded.

20. Through a participatory approach focusing on specific aspects of the Department of Political Affairs mandate such as early warning, conflict prevention and post-conflict peacebuilding, a series of case studies were used to illustrate gendered and non-gendered processes and the different impact that each process has on constituencies. Using field-based methodologies with participants field-testing learning materials, the Office of the Special Adviser on Gender Issues has developed a generic training manual on gender mainstreaming that any entity can adapt for use for its staff as well as for training with country-level partners. It has also produced a methodology handbook on how to collect and analyse empirical data to document case studies that depict good practices in gender mainstreaming.

21. The effective implementation of gender training requires holding staff accountable for the systematic application of new skills in their work. UNESCO has instituted biannual gender audits. In 2007, sectoral gender audits are planned in order to develop customized, sector-specific and learner-based training. Since early 2006, UNESCO, in collaboration with the United Nations System Staff College, has provided ongoing training and coaching in gender mainstreaming to staff at

headquarters and in the field. UNESCO has also developed a certificate course available on CD-ROM to increase staff knowledge of gender issues.

22. Electronic communications and networks, including the Internet, provide opportunities for innovation. More entities now use the Internet as a training platform to conduct web-based courses on gender mainstreaming. UNHCR has initiated a virtual Community Forum where staff engage in dialogue with eacl. other and receive guidance on gender mainstreaming. The Community Forum enables UNHCR to maintain a community of learning and information-sharing. UNDP has developed an e-learning course to provide a basic understanding of gender equality issues for its entire staff dispersed in field offices and at headquarters. It can be completed by staff individually within six to eight hours and is included as a module in the UNDP Virtual Development Academy. The Academy is an online course that is fully tutored and runs for several weeks. Participants develop outputs applicable to their day-to-day work, thus linking training activities with applications. The International Training Centre of the International Labour Organization has a similar ongoing online modular learning programme on gender issues also offered in two different modalities, fully-tutored and self-learning. WHO is in the process of developing an online gender mainstreaming course.

23. UNIFEM developed additional material on women's human rights and on applying a human rights approach to conflict and post-conflict situations for the United Nations Development Group e-learning kit as well as for the United Nations Common Learning Package on the human rights-based approach, which includes an extensive resource guide, power point and a guide for facilitators. In collaboration with the Indira Gandhi National Open University, UNESCO also developed a multimedia gender training kit that enables participants who successfully complete all seven modules and related self-assessment activities to receive accreditation as master gender trainers or gender trainers from UNESCO and the University.

D. Management leadership and support

24. In paragraph 4 (f) of its resolution 2006/36, the Council requested the United Nations system to ensure that managers provide the leadership and support required, including by enhancing awareness, commitment and capacity through innovative approaches specifically developed for management levels.

25. The review confirmed the importance of organizational and senior management commitment to gender mainstreaming for capacity-building. It revealed senior management's enhanced commitment to gender mainstreaming and readiness to participate in various aspects of training and capacity development for gender mainstreaming. Senior managers increasingly participate in training as resource persons, take part in management systems that reinforce networks for the flow of information and learning, allocate resources for gender mainstreaming and make gender mainstreaming training mandatory.

26. Many entities, including International Atomic Energy Agency (IAEA), United Nations Conference on Trade and Development (UNCTAD), the Department of Political Affairs, International Research and Training Institute for the Advancement of Women (INSTRAW) and UNFPA, provide leadership training for gender mainstreaming. UNICEF conducts an annual senior women's leadership workshop. At ECA, the support of senior management made mandatory training possible, and

facilitated capacity needs assessments for all divisions and the use of participatory approaches to develop tailor-made tools for training on gender mainstreaming for various sectors. This ensured relevance and strengthened ownership by focusing on the practical aspects of gender mainstreaming using each division's policy and strategy documents.

27. At the Department of Political Affairs, senior managers were involved at all levels of the planning and implementation of mandatory gender mainstreaming training for all staff. Members of senior management acted as resource persons while desk officers generated case studies for use in the training. Each session of the workshop, designed to be highly interactive, included staff from the most junior to the Assistant Secretary-General level. The purpose of this format was to bring working-level staff into closer contact with management and overcome the compartmentalization of issues dealt with by the Department. The Department of Peacekeeping Operations organized targeted senior manager training to enlist commitment, support and leadership in developing an action plan for the implementation of Security Council resolution 1325 (2000). A time frame and an implementation strategy were agreed upon.

E. Follow-up to training and impact assessments

28. In paragraph 4 (g) of its resolution 2006/36, the Council urged the United Nations system to ensure that, as relevant, offices of human resources management advocate for gender training and the enhancement of pertinent skills for all trainers within the United Nations, while in paragraph 4 (h) of the same resolution the United Nations system is requested to develop more effective forms of follow-up to training to ensure full utilization of best practices and maximum impact on work programmes.

29. Responses from United Nations entities indicate that procedures and mechanisms have been set up to increase the impact of training on gender mainstreaming, for example, the Department of Political Affairs periodic staff surveys, and the Food and Agriculture Organization of the United Nations, ESCAP, ILO and UNICEF gender audits. Other follow-up activities involve help desks, joint evaluations by gender, training and human resources units and web-based resource collections with practical solutions.

30. Despite these efforts, many entities reported that gender analysis is not systematically implemented. While almost all entities undertake training course evaluation through standard pre- and post-tests, most entities have not yet developed robust training follow-up systems to assess how much has been learned and to evaluate the immediate and the medium-term impact and relevance of training to job performance. No entity has developed specific indicators to assess the impact of its training on staff performance.

F. Strengthening accountability

31. In paragraph 4 (i) of its resolution 2006/36, the Council requested the United Nations system to strengthen accountability systems for both management and staff, through, inter alia, the inclusion of objectives and results related to gender mainstreaming in personnel workplans and appraisals.

32. Entities have taken measures to strengthen accountability systems for gender mainstreaming for both management and staff. Some entities assess staff capacity and development needs for gender mainstreaming through performance appraisals. In addition, many entities, including ESCAP, IAEA, the Office of the United Nations High Commissioner for Human Rights (OHCHR), the Office of the Special Adviser on Gender Issues, UNFPA, UNICEF, UNIFEM and the World Bank, assess gender mainstreaming capacities through mission reports. The analysis of mission reports, for both management and staff, permits the evaluation of staff understanding of gender equality and application by staff members of the knowledge acquired to the delivery of technical assistance.

33. The International Fund for Agricultural Development (IFAD) Gender Plan of Action (2003-2006) includes a number of accountability measures for its implementation. UNHCR has initiated an accountability framework for age, gender and diversity mainstreaming that has been piloted in 21 countries and at headquarters. The Framework renders all senior staff responsible for fostering an organizational and operational environment conducive to achieving gender equality.

34. At the United Nations Secretariat, the Office of Internal Oversight Services supports accountability for gender mainstreaming through its evaluations and audits of departments and offices as well as through the biennial report on programme performance of the United Nations. The Office has twice included gender mainstreaming in the list of topics submitted to the Committee for Programme and Coordination and ensured the integration of a gender perspective into the strategic framework of the forthcoming 2008-2009 biennium.

35. Accountability is being strengthened by broadening the scope of responsibility for gender mainstreaming beyond gender units. In most entities, it is primarily gender units that are held accountable for the development and implementation of training programmes on gender mainstreaming. With the exception of the gender unit of the International Training Centre of the ILO, which was established as a training unit, gender specialists, advisers and focal points in most United Nations entities are rarely trained as trainers and few entities invest in building their training skills, because training is not considered their main responsibility. Given the role of gender specialists, advisers and focal points in organizational learning on gender mainstreaming, it is critical that they receive adequate training skills.

G. Creating and expanding knowledge networks

36. In subparagraph 4 (k), of its resolution 2006/36, the Council asked the United Nations system to create or expand electronic knowledge networks on gender mainstreaming to increase effective support for and follow-up to capacity-building activities. In paragraph 8 of the same resolution, the Council urged the Network to, inter alia, explore possibilities for developing an accessible and consolidated database of trained facilitators at the country and regional levels, in consultation with Member States.

37. Regarding expansion of knowledge networks and development of databases of gender trainers and facilitators, the implementation review for this resolution shows that some entities have made progress. The Office for the Coordination of Humanitarian Affairs posted information on Relief Web, the leading humanitarian issues website, on institutions that provide humanitarian affairs training, many of

which address gender issues in humanitarian situations. The Division for the Advancement of Women is developing a webpage on the WomenWatch website that will facilitate, inter alia, sharing information on capacity development initiatives for gender mainstreaming. INSTRAW has created a comprehensive online database that facilitates collaborative knowledge generation on training institutions, training offered, training materials, grants, scholarships and other funding available for training on gender issues.

38. A UNDP gender roster facilitates UNDP staff access to experts or consultants available for short to medium-term assignments. The roster is based on the UNDP Web for information for development roster platform. The platform allows UNDP teams to develop their own roster of experts and offers the possibility of linking this into a global UNDP expert database. ILO similarly maintains and regularly updates a database of gender consultants and experts which is available through the web-based gender equality tool. Training materials and tools are also shared through knowledge networks featured on the same web-based facility.

39. The development and maintenance of databases is resource and labour-intensive, requiring systematic updating and network improvement. As a result, most entities have no fully functional databases of trainers or facilitators. This places a serious constraint on training in gender mainstreaming, as two thirds of the United Nations entities indicated that finding appropriate trainers is a continuing challenge.

H. Inter-agency collaboration

40. Under paragraph 4 (l) of its resolution 2006/36, the Council requested the United Nations system to strengthen inter-agency collaboration, including through the work of the Inter-Agency Network on Women and Gender Equality, to ensure systematic exchange of resources and tools across the system to promote cross-fertilization of ideas. Furthermore, in paragraph 8, the Council requested that the Network continue to provide practical support to its members in gender mainstreaming and report regularly to CEB.

41. Over the past two years, entities have increasingly demonstrated a readiness to share methodologies and tools for gender mainstreaming and to participate in joint efforts. The Network remains the main forum for exchange and cross-fertilization of ideas on gender mainstreaming. At its sixth session, in February 2007, the Network commenced discussions on the implementation of the policy and strategy, including strengthening capacities for gender mainstreaming, with a view to developing a system-wide action plan with clear indicators and a time frame.

42. More recently, cooperation with CEB and its subsidiary bodies, the High-level Committee on Management and High-level Committee on Programmes, has significantly improved, in line with Council resolution 2005/31. The Special Adviser on Gender Issues and Advancement of Women regularly briefs the Board and its two High-level Committees on progress in gender mainstreaming, including the development of the system-wide policy on gender equality and the empowerment of women and strategy on gender mainstreaming. In 2006, CEB identified gender equality as one of its priority themes and endorsed the system-wide policy and strategy. In March 2007, at their joint meeting, the High-level Committees recommended that the United Nations system explore the feasibility

and cost implications of developing a senior management training programme on gender mainstreaming through the United Nations System Staff College. In addition, the two committees considered the development of mandatory web-based training on gender mainstreaming for all United Nations staff.

43. An implementation review conducted by the Office of the Special Adviser on Gender Issues (S/2006/770) of the system-wide action plan on implementation of Security Council resolution 1325 (2000) (S/2005/636, annex) revealed progress and challenges in capacity-building for gender mainstreaming in the area of women, peace and security. Capacity-building is prominent in each area of action of the system-wide action plan, including conflict prevention, peacemaking and peacebuilding, peacekeeping operations, post-conflict reconstruction, prevention of gender-based violence and others. The review also identified significant challenges, including the lack of a common understanding of the practical applications of gender mainstreaming, inadequate use of existing advisory and technical expertise and the absence of a system-wide knowledge and information management system. A revised system-wide action plan for 2007-2008 being prepared by the Office of the Special Adviser on Gender Issues in cooperation with the Inter-agency task force on women, peace and security will address these challenges.

44. The Office for the Coordination of Humanitarian Affairs, in coordination with the Sub-Working group on gender and humanitarian action[4] of the Inter-Agency standing committee on humanitarian affairs, will commence training in 2007 for the Gender advisory roster pool. The training will be based on the handbook entitled "Women, girls, boys and men: different needs: equal opportunities", which is a sector-by-sector guide on how to ensure gender equality programming in humanitarian situations.

45. The preparation report of the Secretary-General on violence against women (A/60/137) offered United Nations entities an opportunity to jointly organize, in December 2005, a workshop on violence against women. In addition to compiling an inventory of activities of United Nations entities on violence against women, entities reached a series of agreements to address the issue of violence against women more systematically and comprehensively and improve coordination and joint programming at the national level. As a follow-up, the Network created a task force on preventing violence against women which will spearhead and coordinate system-wide implementation of General Assembly resolution 61/143 on intensification of efforts to eliminate all forms of violence against women, including identification of capacity development needs.

46. To strengthen inter-agency sharing of tools and methodologies for gender mainstreaming the Office of the Special Adviser on Gender Issues launched an online collaboration platform in May 2007 for use by the Network. The platform allows United Nations entities to share and exchange a wide range of documents, including training manuals, strategy documents, reports, policy briefs and guidelines and handbooks in electronic form.

47. These inter-agency collaborative initiatives in capacity development for gender mainstreaming aim at increasing the capacity of the United Nations system to integrate a gender perspective into the key areas of development, peace and security

[4] Comprises 25 entities, including international non-governmental organizations active in the humanitarian sector.

and humanitarian affairs. The full implementation of these initiatives should contribute to stronger and more systematic support for Member States to achieve gender equality and the empowerment of women.

I. Country team capacity-building

48. In paragraph 4 (m), of its resolution 2006/36, the Council requested the United Nations system to ensure that resident coordinators systematically promote, monitor and report on capacity-building activities related to gender mainstreaming within their country teams while in paragraph 4 (n), of the same resolution, it urged the United Nations system to strengthen country team collaboration on gender training at the country level, including through sharing methodologies and tools, undertaking joint activities and strengthening the capacity of gender theme groups to support such activities.

49. Significant progress has been made to strengthen United Nations country team collaboration and joint gender mainstreaming activities. The United Nations Development Group has a modular web-based training package for United Nations country teams. For this resource package, UNIFEM developed a module on strengthening the capacity of gender theme groups to address gender equality issues in the common country assessment/United Nations Development Assistance Framework. In an effort spearheaded by UNFPA, United Nations country teams began submitting joint reports to the Convention on the Elimination of All Forms of Discrimination against Women on reporting countries. During the past two years, ILO has collaborated with 10 United Nations agencies in Zimbabwe, including UNDP, UNIFEM, UNFPA, Joint United Nations Programme on HIV/AIDS, FAO, the World Bank, UNESCO and UNICEF, in training facilitators in participatory gender audits, resulting in a pool of 30 trainers.

50. To strengthen gender mainstreaming at the country level and promote coherence with partners, WFP developed, on the basis of lessons learned, an enhanced commitments to women training and learning initiative in collaboration with Capacity Building International (InWent). In 2005 and 2006, WFP conducted two hands-on training trainers' workshops at the regional level for gender focal points and 63 country office trainings covering 1,400 WFP staff and partners. The trainings enabled WFP to phase out the gender action plan approach and to move towards the systematic mainstreaming of WFP's Enhanced Commitments to Women Initiative into country office and unit workplans. The Office for the Coordination of Humanitarian Affairs has mainstreamed a gender perspective in emergency field coordination training while UNHCR has organized gender mainstreaming training for its multifunctional teams. UNICEF and UNIFEM have launched action learning to assist in making organizational or programme changes that have an impact on gender equality. UNEP collaborated with the World Conservation Union and the Women's Environment and Development Organization to strengthen gender perspective mainstreaming into the environment at the country level through training.

III. Implementation of Council resolution 2006/9

51. In its resolution 2006/9, the Council called on the Secretary-General to report on the impact of the Commission input to the discussions within the United Nations system. At its fiftieth session, in 2006, in accordance with its multi-year programme of work for the period 2002-2006, the Commission considered the following two thematic issues: "Enhanced participation of women in development: an enabling environment for achieving gender equality and the advancement of women, taking into account, inter alia, the fields of education, health and work" and "Equal participation of women and men in decision-making processes at all levels" and adopted the relevant agreed conclusions (see E/2006/27).

52. The analysis of the replies of the United Nations entities to the questionnaire showed that the recommendations contained in the agreed conclusions for both themes provided a new impetus to the work of United Nations entities in the following three areas:

(a) Enhancement of their substantive activities at both policy and operational levels;

(b) Promotion of advocacy and awareness-raising for gender equality and empowerment of women, especially at the regional and national levels;

(c) Improvement of the status of women, including their representation within organizations.

53. With regard to the enhancement of substantive activities at the policy and operational levels, United Nations entities continue to develop and implement gender-sensitive policies and strategies in their substantive areas with the aim of creating enabling environments for the empowerment of women. The present report provides examples of enhanced United Nations activities in such areas as development, peace and security, women's rights, access to decision-making and information and communication technologies.

54. In compliance with the Commission's recommendations, the efforts of United Nations entities were focused on mainstreaming gender perspectives into national planning and implementation processes and mechanisms related to national development strategies, and, in particular, on the implementation of internationally agreed development goals, including the Millennium Development Goals. UNFPA reflected the recommendations of the outcomes of the Commission in its gender mainstreaming strategy and in global, regional and country programmes. ECA continued to develop tools for mainstreaming a gender perspective in national planning and programming and expanded the use of the Africa Gender and Development Index for tracking progress towards gender equality. UNEP completed the formulation of a gender plan of action that included guidelines for mainstreaming a gender perspective in environmental policies and programmes, resource mobilization and human resources management and established accountability mechanisms. The International Trade Centre UNCTAD/WTO (ITC) developed new methodologies and tools to include the gender dimension in trade development work and established a web-based network for women entrepreneurs in 11 African countries.

55. Responding to calls by the Commission to intensify the implementation of Security Council resolution 1325 (2000), both within the Organization and at the

national level, the Department of Peacekeeping Operations, UNFPA and UNHCR enhanced their support for the empowerment of women and girls in conflict and post-conflict countries, strengthened efforts to combat gender-based violence and focused on ensuring the reintegration of female ex-combatants. The Department of Political Affairs focused on promoting women's participation in conflict prevention efforts and launched the peacemaker databank which includes operational guidance notes on women in the peace processes and agreements.

56. Women's rights and their access to decision-making, which were emphasized by the Commission, received particular attention from United Nations entities. UNHCR reaffirmed its commitment to protect women and children by allocating adequate resources in collaboration with UNDP and the Regional Gender Programme of the Regional Bureau for Africa. ECA set up a human rights observatory on the issues of gender equality and empowerment of women. Many United Nations entities specifically focused on the elaboration of special programmes and projects to enhance women's representation in decision-making. The Department of Peacekeeping Operations provided support for women's participation in elections in a number of peacekeeping missions and organized leadership training for women candidates. The United Nations Human Settlements Programme and INSTRAW paid special attention in their programming to women's participation in local governance. The United Nations Interregional Crime and Justice Research Institute focused on activities aimed at increasing the quantitative and qualitative participation of women in decision-making by targeting women candidates.

57. Special attention was paid by United Nations entities to addressing the concerns of the Commission with regard to limited access of women to information and communication technologies. The International Telecommunication Union supported the establishment of multi-purpose community tele-centres in rural and remote locations in Africa and Asia. It also conducted computer training for young women in some African countries to increase their employment opportunities.

58. With regard to advocacy and awareness-raising to promote gender equality and empowerment of women, the outcomes of the Commission were used extensively by United Nations entities as resource materials in their advocacy campaigns and capacity-building. ESCAP used the Commission's outcomes to build staff capacities in programmes and activities covered by the agreed conclusions. The Division for the Advancement of Women used them in the preparation of intergovernmental documentation. The Department of Public Information produced information kits on the outcomes of the work of the Commission and ensured extensive outreach to regional and national media. The Department of Political Affairs, together with UNDP, developed a plan, funded by the United Nations Democracy Fund, to build media capacity to focus on the needs and concerns of women in several African countries.

59. With regard to the status of women, the following recommendations of the Commission and United Nations entities endeavoured to improve the situation of women within their organizations, in particular through development and implementation of policies, programmes and training courses. In 2006, IAEA conducted a survey on the status of gender equality within the Agency and took steps to improve gender balance among all categories and levels of staff, train young professional women and organize gender training for all staff. It has also revised its

policies on work-life balance, discrimination and harassment. UNESCO established a target of 40 per cent of women at the D-1 and D-2 levels to be reached by 2010. WFP and ILO took concrete steps to promote equal participation by women and men in internal decision-making processes and gender equality in filling management positions. The Office of Internal Oversight Services, UNEP, the International Telecommunication Union, the International Training Centre of ILO, WFP and many others provided gender training for staff and special career training for women. ECA prepared a note on mainstreaming gender in conferences and meetings to ensure balanced gender representation and coverage of gender issues at ECA meetings. The Department of Peacekeeping Operations continued to strengthen the institutional capacities of gender units. UNEP established a network of gender focal points.

60. In spite of these efforts however, entities need to do much more to implement the recommendations of the Commission on 50/50 gender balance, inter alia, taking into account the findings of the report of the Secretary-General on improvement of the status of women in the United Nations system (A/61/318).

IV. Conclusions and recommendations

61. Gender equality and the empowerment of women are recognized as an essential contribution to the effective implementation of United Nations mandates, and there is a general consensus among Member States that gender mainstreaming is a tool for achieving gender equality. Successful gender mainstreaming cannot be achieved by adding marginal programmes for women to United Nations activities. Rather, it requires change in all mainstream policies, programmes and resource allocations to reflect the interests of women as well as men. To achieve this goal, an enabling environment is essential. Such an environment should generate changes that are influenced to a far greater extent than they are now by information coming from below, rather than from above. It presupposes adequate gender mainstreaming capacities and knowledge on the part of United Nations staff at the individual and entity levels.

62. The review conducted by the Office of the Special Adviser on Gender Issues on implementation of Council resolution 2006/36 indicated that some progress has been made in equipping United Nations staff with the necessary skills and competencies to mainstream gender and assist Member States in setting policies and norms on gender equality. A great deal of capacity-building has been carried out in the United Nations system, through more expanded conventional training, leadership and senior management training, use of electronic networks and follow-ups. Inter-agency collaboration on gender mainstreaming, including at the CEB level, has significantly improved. The needs for gender capacity-building at the country level are better understood and are being more effectively addressed than before.

63. Yet much more remains to be done to overcome challenges and bridge capacity and knowledge gaps. Training for all staff is critical to understanding gender mainstreaming concepts and their applications. Gender mainstreaming capacity-building is not yet mandatory in all entities, particularly in the field. In many entities, limited support by senior management constrain its effectiveness. Few mechanisms exist to ensure accountability of all staff for a more systematic

application of gender analysis. There is a need for more methodical evaluation of the impact of training courses on job performance.

64. There is insufficient knowledge among senior managers, including resident representatives, on how to operationalize gender mainstreaming policies. No indicators for measuring changes in knowledge and attitudes have been established. Specialized expertise in gender units needs to be further strengthened to undertake training needs assessments, develop learning materials and conduct training. A widely accessible multifunctional database of gender experts, facilitators and trainers should be put in place. Most important, woefully insufficient funding for capacity development in gender mainstreaming remains a major challenge across the United Nations system.

65. In the light of the foregoing, most of the recommendations contained in paragraph 76 of the report of the Secretary-General on the follow-up to the Fourth World Conference on Women (E/2006/65) are still valid.

66. However, one of the major lessons of the review is that building United Nations staff capacities alone is not sufficient for the United Nations system to live up to its commitments and obligations with respect to gender mainstreaming. Linkages between building staff capacities in gender mainstreaming and the realization of organizational goals on gender equality and the empowerment of women should be significantly strengthened. The review revealed that capacity-building programmes experience more resistance in those elements that presuppose the greatest amount of organizational change, including in such areas as accountability, strategic planning, leadership, funding, programme design and evaluation.

67. The challenges described above can be addressed by building institutional capacity that aims at creating competencies in gender mainstreaming in all organizational processes and procedures and in all areas where the United Nations is active. The United Nations system-wide policy on gender equality and the empowerment of women and the strategy on gender mainstreaming hold promise for strengthening gender mainstreaming throughout the United Nations system while building on good practices. The policy and strategy endorsed by CEB and its subsidiary bodies were developed in cooperation with the Network and enjoy the support of the United Nations system at the highest level. For the first time in its history, the United Nations system has a common strategy and policy for integrating a gender perspective into its activities. The commitments contained in the strategy and policy should be operationalized in a system-wide action plan which is being developed by the Office of the Special Adviser on Gender Issues in close cooperation with the Network.

68. To further the implementation of its agreed conclusions 1997/2 and its resolutions 2006/9 and 2006/36, the Council may wish to encourage United Nations entities to:

(a) Develop and/or strengthen gender mainstreaming accountability frameworks in a coherent, coordinated and consistent manner;

(b) Utilize and strengthen results-based management arrangements, including establishing clear and measurable common system indicators and measurement protocols; expedite the collection of sex-disaggregated data, including

baseline data; incorporate a gender perspective into programme budgets and multi-year funding frameworks and into all results-based budgeting processes;

(c) Enhance oversight through monitoring, evaluation, audit and reporting procedures; establish common indicators and benchmarks; regularly evaluate progress achieved towards gender equality;

(d) Allocate adequate financial and human resources for gender mainstreaming commensurate with organizational gender equality goals, including for mandatory training on gender mainstreaming, especially gender analysis, for all staff and for implementation of strategies, policies and action plans; use opportunities for joint programming, including with Member States;

(e) Develop and/or strengthen staff capacity and competence in gender analysis through mandatory capacity development for all staff and targeted training for specialized programme staff, including senior management and gender focal points; integrate a gender perspective into all other training activities; develop robust evaluations to gauge the relevance of training and to measure how much is being learned and how what has been learned is contributing directly to improved programme results;

(f) Strengthen coherence and coordination among all United Nations entities, especially regarding stronger linkages between operational and normative work, including through the harmonization and application of common systems frameworks, indicators and joint programming at the global, regional and country levels, in order to realize the 2005 World Summit vision of stronger system-wide coherence;

(g) Promote inter-agency cooperation through the Network and CEB and its subsidiary bodies to ensure the implementation of the United Nations system-wide policy and strategy on gender mainstreaming, including the development of an action plan with a clear timetable and indicators.

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Social and human rights questions

Genetic privacy and non-discrimination

Report of the Secretary-General

Summary

The present report includes information and comments received from Member States and entities of the United Nations system on Economic and Social Council resolution 2004/9 entitled "Genetic privacy and non-discrimination". The report highlights the potentials and dangers of new developments in the genetic field and reviews initiatives taken to provide a framework for ensuring respect for genetic privacy and non-discrimination, including the United Nations Educational, Scientific and Cultural Organization (UNESCO) Universal Declaration on Bioethics and Human Rights, a major development at the international level since the Council considered the matter in 2004. The report concludes with recommendations on how the Council could proceed on this matter.

* E/2007/100.

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I. Introduction

1. The Economic and Social Council considered the issue of genetic privacy and non-discrimination at its 2001 and 2004 sessions.[1] In 2004, the Council adopted resolution 2004/9, in which it urged States to ensure that no one is subjected to discrimination based on genetic information. The Council further encouraged the adoption of measures in various fields to protect citizens from the use and misuse of genetic information leading to discrimination and promoted international efforts to support activities in this field. The Council decided to continue considering the various implications of the question of genetic privacy and non-discrimination for ethical, legal, medical, employment, insurance-related and other aspects of social life, consistent with public international law and international human rights law, and requested the Secretary-General to bring the resolution to the attention of all Governments, relevant international organizations and functional commissions, to collect the comments received pursuant to it and other relevant information and to submit a report to the Council at its 2007 substantive session. The present report contains responses received by the Secretariat to a note verbale sent on the matter.

II. Information and comments received from Member States

Germany

2. In Germany, the general legal provisions governing the medical profession, combined with the provisions on data protection contained in Federal and Laender legislation, provide a framework for the protection of genetic data. The Coalition Treaty, which is the Government's programme for the current legislative period, envisages regulating human genetic testing by statute. A piece of legislation is intended to stipulate the areas where, in view of the diagnostic possibilities of human genetics, a special standard of protection is required to safeguard the privacy rights of citizens. This law would cover genetic testing for medical purposes, including prenatal genetic testing, the issue of private insurance, the workplace and the handling and protection of genetic samples and data.

Iraq

[Original: Arabic]

3. The competent Iraqi parties have examined the Secretariat communication regarding Economic and Social Council resolution 2004/9, entitled "Genetic privacy and non-discrimination", and would like to point out that, in view of the fact that the genetic fingerprint laboratory at the Institute of Forensic Medicine has not yet been fully equipped and there are no such laboratories elsewhere in Iraq at the present time, there are no measures being applied in Iraq in the area of genetic privacy and non-discrimination, as regards forensic genetic analyses at the Iraqi Ministry of Health. In this connection, the Iraqi Ministry of Health requests the United Nations Secretariat to provide it with detailed information on the paragraphs of the resolution, in particular the one that urges States to protect the privacy of those subject to genetic testing and to examine the experiences of the countries of the region in this regard.

[1] See Council resolution 2001/39, and decision 2003/232; E/2003/91 and Add.1; and E/2004/56.

Poland

4. Council resolution 2004/9 is an important and timely document to promote respect for human rights in the field of genetic privacy. The resolution addresses, inter alia, a number of issues contained in the international declarations adopted by the United Nations Educational, Scientific and Cultural Organization, namely the Universal Declaration on the Human Genome and Human Rights and the International Declaration on Human Genetic Data, which are both mentioned in the resolution, as well as the Universal Declaration on Bioethics and Human Rights adopted in 2005, one year after the adoption of Council resolution 2004/9. That important Declaration, which further asserts the link between bioethics and human rights, addresses in its articles 6 and 7 the issue of prior, free, informed and express consent that is mentioned in operative paragraph 4 of the resolution. The Declaration stresses that the possibility for the person concerned to withdraw his or her consent "at any time and for any reason without any disadvantage or prejudice" should be secured in the domains of both scientific research and medical practice (article 6, points 1 and 2).

Slovenia

5. In the field of biomedicine and particularly genetics, the protection of human rights is regulated by the Act Ratifying the Convention for the Protection of Human Rights and Dignity of the Human Being with regard to the Application of Biology and Medicine, the Convention on Human Rights and Biomedicine, the Additional Protocol to this Convention on the Prohibition of Cloning Human Beings (*Official Gazette of the Republic of Slovenia*, No. 70/98; International Treaties, No. 17/98) and the Decree ratifying the Additional Protocol to the Convention on Human Rights and Biomedicine, on Biomedical Research (*Official Gazette of the Republic of Slovenia*, No. 108/05; International Treaties, No. 20/05), in addition to other health legislation. The protocol to the convention regulating human genetics may be open for signature as early as 2007. After elaborating this protocol, Slovenia will launch the procedure for its signing and ratification.

6. The Ministry of Health will nevertheless have to continue its project of drafting a national law on human genetics in accordance with the recommendations and the proposal of the National Medical Ethics Committee.

7. The National Medical Ethics Committee, which has operated effectively on the basis of the applicable Slovenian health legislation, has submitted the following data and proposals for the implementation of Council resolution 2004/9 within the activities of the National Medical Ethics Committee relating to the protection of genetic data:

(a) A few years ago, the Committee participated in the drafting of a law on gene technology. In the parliamentary procedure, chapter 4 of the draft legislation, related to human genetics, was excluded since this area should be subject to regulation by a separate law. Work on such a law has not started yet;

(b) Through a representative of the Republic of Slovenia to the Steering Committee on Bioethics within the Council of Europe, the Committee participated in the formulation of the Oviedo Convention focusing on the protection of human genome in chapter IV. The Committee has not identified any violations of the

provisions of chapter IV (articles 11-14) in Slovenia. Nor have activities contrary to the provisions of Council resolution 2001/39 been identified;

(c) As regards ethics, the Committee reviews research studies involving intervention on human subjects in the Republic of Slovenia and research studies may not begin without approval. In the past few years, the Committee has reviewed a number of genetic research studies ranging from pharmacogenomics to population genetics. Research studies on the genetic basis of certain diseases or predisposition to diseases are particularly delicate. In this regard, the Committee complies with the provisions of the Additional protocol to the Oviedo Convention, which is on biomedical research, and the additional instrument on human genetics to the Oviedo Convention now being drafted. Clinicians and researchers are highly aware of the need to protect genetic data privacy and protect against abuse. The Committee has not yet had to reject any research studies or take any other security measures;

(d) To date, the Committee has not identified any attempt to make unjustified use of genetic testing or to discriminate on the basis of genetic data, either on the part of employers, in the insurance business or in other fields.

8. In accordance with international recommendations, a number of activities are being carried out to protect human rights in the field of human genetics through the Division of Medical Genetics (within the Department of Obstetrics and Gynecology, University Medical Centre Ljubljana), the Faculty of Medicine at the University of Ljubljana (subjects include genetics and human rights) and the Slovenian Medical Association. Within this association, the Human Genetics Association has prepared several expert reports on privacy and disclosure, genetic testing in children, presymptomatic diagnosis, storage of genetic material, etc. These expert activities are leading to regulation of and respect for human rights in genetics. They also make doctors and researchers aware of these issues. The Committee has not identified any violations in the field of genetic privacy or potential discrimination in genetic testing and the processing, use and storage of human genetic data.

Spain

[Original: Spanish]

9. In Spain, the protection of persons with regard to processing of their personal data, including those obtained from genetic testing, is governed by Organic Act 15/1999 of 13 December 1999 on the Protection of Personal Data. As stated in article 7.3 of this Organic Act, "Personal data referring to racial origin, health and sexuality may be collected, processed and disclosed only when so provided for by legislation, on grounds of general interest or if the person concerned gives his or her express consent".

10. Since recommendation No. R (97) 5 of the Committee of Ministers of the Council of Europe specifies that genetic data are data concerning health, and in accordance with the provisions of the above-mentioned article 7.3 of the Organic Act, data obtained from genetic testing may be processed only with the consent of the person concerned. The Spanish legal provisions thus comply with Council resolution 2004/9.

11. The recommendations made in the above-mentioned Council resolution are also reflected in the draft legislation on biomedical research, which, pursuant to a

proposal by the Spanish Government, has already been submitted to parliament with a view to its speedy approval.

12. It should also be noted that, in the context of the United Nations, the fundamental right to protection of personal data was expressly recognized in General Assembly resolution 45/95, adopted on 14 December 1990, concerning guidelines for the regulation of computerized personal data files (known as the United Nations data protection guidelines).

13. In this respect, since the resolution of the Economic and Social Council refers specifically to "genetic privacy", account should be taken in its implementation of all the regulatory background and the work done previously within the United Nations in this context, and specifically of the above-mentioned General Assembly resolution 45/95, which embodies precisely the principles that should govern the fundamental right to data protection.

United States of America

14. The key principles of the Government of the United States on genetic privacy and discrimination with regard to health insurance are the following:

(a) Insurers should not be able to deny enrolment for health insurance based solely on a healthy individual's genetic predisposition for a future disease;

(b) Insurers should not be able to adjust health insurance premiums based solely on the genetic predisposition of a healthy individual (or group) for a future disease; and

(c) Insurers should not request or require a genetic test as a condition for enrolment for health insurance.

Genetic discrimination in insurance

15. In the United States, the health-information privacy rule (promulgated pursuant to the Health Insurance Portability and Accountability Act (HIPAA) of 1996) protects certain individually-identifiable health information referred to as protected health information that is in the possession of health-care plans (including health insurance issuers), health-care clearinghouses, and certain health-care providers that transmit health information in connection with certain electronic transactions. The information protected in this manner includes genetic information.

16. Title I of HIPAA prohibits discrimination in enrolment in group health plans based on health status, including discrimination based solely on genetic information. HIPAA Title I also prohibits increasing the premiums or contribution rates of an individual in a group health plan (more than those charged similarly situated individuals in the plan) based on the individual's genetic information (or other health status). HIPAA Title I also prohibits group health plans and group health insurance issuers from using genetic information — in the absence of a diagnosis of a condition related to that genetic information — as the basis for a pre-existing condition exclusion. Without such a provision, a health insurer could potentially identify an individual as having a pre-existing condition based on his genetic information and then refuse to pay for treatment for the individual for that condition for a certain period of time after the date the individual enrols in the plan.

Advances in genetic medicine

17. In April 2003, the Human Genome Project published a complete DNA sequence of the human genome, the three-billion-letter genetic instruction book for a human being. This ambitious project aimed to improve human health. With the sequence of the human genome now in hand, scientists are moving rapidly to understand how all of the genes function and to develop new clinical tools, diagnostic tests and therapeutics. Genetic information can be enormously valuable to patients and providers, as it can detect potential health susceptibilities and suggest appropriate prevention strategies or interventions. As we learn more from the Human Genome Project, such clinical applications will increasingly influence the prevention and treatment options available for many common diseases.

18. Currently, approximately 680 genetic tests are clinically available and 350 more are available through research studies. The number of tests is increasing rapidly. In some cases, these tests offer patients the opportunity to learn about their individual disease-risk profile. In time, we will have a host of new preventive interventions to help people decrease their disease risks. The primary consideration should be how genetic test information will affect our health and how we, working with our doctors and other health-care providers, will be able to use this information to make good health-care decisions. But we must also be concerned that information about a patient's risk for future disease will not be used by health insurers as the sole basis to deny them insurance coverage.

Barriers to effective care

19. The National Institutes of Health (NIH) within the United States Department of Health and Human Services (HHS) have sometimes found recruitment of human research participants difficult because potential participants are concerned that their genetic information could be provided to health insurers or employers who would use the information to discriminate against them. For example, individuals in a preliminary HHS/NIH colon cancer study were provided education and counselling before being offered the genetic test. Asked what factors might lead them to take the test, the overwhelming majority stated that they wished to learn about health risks facing their children and to gain information to help them plan their own cancer screening.

20. When asked what factors might lead them not to take the test, 39 per cent of respondents said that their primary concern was losing insurance. In a similar study involving genetic testing for increased risk of breast and ovarian cancer, one third of the individuals who chose not to participate did so because of their concern about genetic discrimination. As the applications of genetics move out of the research laboratory and into broad clinical practice, this problem will intensify.

21. Thus, the fear of discrimination threatens the ability of society to use new genetic technologies to improve human health as well as the ability to conduct the research we need to understand, treat, and prevent genetic-based diseases. The challenge is to nurture scientific exploration, encourage the translation of these new discoveries into life-saving tools and to put in place public policies that prevent the unjust and discriminatory use of genetic information.

Existing laws

22. Individual States generally regulate insurance in the United States except for what is covered under the Employee Retirement Income Security Act. Today, many States prohibit insurance companies from using genetic information for the following purposes: (a) to deny applications for a health insurance policy or plan (including determining eligibility), (b) as a basis for imposing pre-existing condition exclusions or (c) to determine benefits or exclusions under a policy or plan. In addition, many States regulate the use of genetic information for rating purposes, either upon initial application/enrolment or renewal.

23. As noted above, the Congress of the United States addressed several key discrimination issues in 1996, in Title I of HIPAA. HIPAA prohibits discrimination in enrolment in group health plans based on health status (including discrimination based on genetic information as a sole determining factor), prohibits increasing the contribution rates of an individual in a group plan based solely on his or her genetic information, and prohibits using genetic information as the sole basis for imposing a pre-existing condition exclusion under a group health plan, in the absence of a diagnosis relating to that information.

Privacy

24. In Title II of HIPAA, the Congress of the United States gave HHS the authority to promulgate a health-information privacy rule that protects certain individually-identifiable health information, including genetic information, possessed by health plans (including health insurance issuers), health-care clearinghouses, and certain health-care providers that transmit health information in connection with particular electronic transactions. The resulting privacy rule is very broad and comprehensive and regulates the uses and disclosures of this information — referred to as protected health information. The rule provides that a covered entity cannot use or disclose protected health information unless the use or disclosure is specifically permitted or required by the rule. Disclosures to the individual are required, as are disclosures to HHS to determine or enforce compliance. The rule permits the covered entity to use or disclose protected health information without the individual's authorization for certain treatment, payment, and health-care operations (including underwriting and other activities related to creation, renewal or replacement of health insurance/benefits). Protected health information can also be used or disclosed without authorization, but subject to specific restrictions, for certain public purposes, such as public health (e.g., to report contagious diseases to public health authorities), law enforcement, research, and other similar purposes. In addition, the rule permits certain other uses and disclosures without the individual's express authorization. However, absent a specific permission in the privacy rule, a covered entity may only use or disclose protected health information for a particular purpose if the individual has provided written authorization. Compliance with the privacy rule was required as of 14 April 2003 for most covered entities, and as of 14 April 2004, for small health plans.

III. Information and comments received from the United Nations system

A. United Nations Educational, Scientific and Cultural Organization

25. Responding to the need for a universal ethical framework, following the adoption in 1997 of the Universal Declaration on the Human Genome and Human Rights and in 2003 of the International Declaration on Human Genetic Data, the General Conference of UNESCO at its 33rd session on 19 October 2005 adopted by acclamation the Universal Declaration on Bioethics and Human Rights. For the first time in the history of bioethics, Member States thus solemnly affirmed the commitment of the international community to respect and implement a certain number of universal principles for humanity in the development and application of science and technology, set forth within a single text.

26. Under the aegis of respect for human dignity, human rights and fundamental freedoms, the Universal Declaration deals with ethical issues raised by medicine, life sciences and associated technologies as applied to human beings, taking into account their social, legal and environmental dimensions, and sets forth universal principles of utmost importance to guide Member States in formulating legislation in this field. Article 11 of the Universal Declaration addresses more particularly the issue of "Non-discrimination and non-stigmatization". Article 9 states that, within the scope of the Declaration, "The privacy of the persons concerned and the confidentiality of their personal information should be respected. To the greatest extent possible, such information should not be used or disclosed for purposes other than those for which it was collected or consented to, consistent with international law, in particular international human rights law."

27. Article 11 of the Declaration does not deal with all forms of legitimate distinctions between people. It focuses only on unlawful, unfair or unjustifiable discrimination between people based on any grounds such as gender, age, ethnicity, disability or other physical, mental or social conditions, diseases or genetic characteristics and the like. The list is not closed. In addition to various forms of discrimination, stigmatization is also prohibited by the Declaration. The history of medical research shows — even in the recent past — a disturbing pattern of discrimination against different groups, including "races", ethnic minorities, and women. During the conceptualization of research and the establishment of control groups, culturally, morally or legally problematic categories may be used, and the avoidance of discriminatory practices requires communication between the relevant disciplines.

28. It is significant that the UNESCO Declaration has already been cited as a relevant international text, for instance in a recent judgment of the European Court of Human Rights.

29. It is very important to note that the text of the new Declaration is the beginning rather than the end of a process of internationalization of bioethics. Therefore, special attention must be given to the application of the principles and the dissemination and the promotion of the Declaration. Member States that have not already done so will be encouraged to establish bioethics committees; to promote informed pluralistic public debate; to foster bioethics education and training and to take appropriate legal measures to facilitate transnational research.

International organizations such as UNESCO will continue to assist countries in developing an ethical infrastructure so that human beings everywhere can benefit from the advances of science and technology within a framework of respect for human rights and fundamental freedoms.

B. Division for Social Policy and Development, Department of Economic and Social Affairs

30. The Division for Social Policy and Development of the Department of Economic and Social Affairs wishes to draw the following elements to the attention of the Economic and Social Council in its consideration of the follow-up and implementation of its resolution 2004/9.

31. Firstly, the Permanent Forum on Indigenous Issues has been aware and sensitive to issues regarding genetic privacy and discrimination. During its fifth session, in May 2006, the Forum received concrete information and concerns about the Genographic Project, a well-funded multi-million dollar project, and adopted the following specific recommendation in paragraph 88 of its report (E/2006/43) under the item "human rights": "The Permanent Forum recommends that WHO and the Human Rights Council conduct an investigation of the objectives of the Genographic Project which proposes to collect 100,000 DNA samples from the indigenous peoples of the world in order to formulate theories on historic human migrations, that the Genographic Project should be immediately suspended and that they report to indigenous peoples on the free, prior and informed consent of indigenous peoples in all communities where activities are conducted and planned". Following this recommendation, it was reported that the Genographic Project has been suspended.

32. Secondly, during the negotiations of the text of the Convention on the Rights of Persons with Disabilities, a few Member States proposed the inclusion of a reference to genetic privacy. This proposal, along with another suggestion to include in a preambular paragraph a reference to the International Declaration on Human Genetic Data adopted by the General Conference of UNESCO, were not accepted.

IV. Conclusion and recommendation

33. **The issue of genetic privacy and non-discrimination has been on the agenda of the Council on a triennial basis since 2001. During that time, important work has been carried out in this field by United Nations entities, particularly UNESCO. Few responses have been provided to the note verbale sent by the Secretariat for comments on Economic and Social Council resolution 2004/9. Given the limited response and taking into account the fact that the matter is considered in other United Nations forums, the Council may wish to decide on the most appropriate forums at which to consider the issue further.**

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Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance

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Item 9 of the provisional agenda**
Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations

Assistance to the Palestinian People

Report of the Secretary-General

Summary

During the period under review, the Palestinian economy suffered a significant decline and the socio-economic and humanitarian conditions of the population worsened. Many donors reviewed their assistance policy to the Palestinian Authority, in the context of the three principles spelled out by the Middle East Quartet in January 2006. At the same time, the Government of Israel continued to withhold the payment of the tax revenues it collects on behalf of the Palestinian Authority, with the exception of one transfer early in 2007. As a result, and despite increased levels of aid, the Palestinian Authority has been facing a worsening fiscal crisis, which has exacerbated the already precarious situation in the Occupied Palestinian Territory.

These developments occurred against the backdrop of continuing violence between Israelis and Palestinians, as well as among Palestinians, that claimed innocent lives on both sides. The reporting period was notably marked by the capture of an Israeli soldier by Palestinian militants, the continuation of Palestinian attacks against Israeli civilians, in particular the firing of rockets from the Gaza Strip, Israeli military reprisals conducted in Palestinian civilian areas, the continuation of a tight closure policy by the Israeli authorities, the partial implementation of the 2005 Agreement on Movement and Access, the resumption of direct contacts between

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** E/2007/100.

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Israeli Prime Minister Ehud Olmert and Palestinian President Mahmoud Abbas, and the formation of the Palestinian Government of National Unity.

The present report contains a description of efforts made by United Nations agencies, in cooperation with Palestinian and donor counterparts, to support the Palestinian civilian populations and institutions.

I. Introduction

1. The present report is submitted pursuant to General Assembly resolution 61/135 of 14 December 2006, in which the Assembly requested the Secretary-General to submit to it at its sixty-second session, through the Economic and Social Council, a report on the implementation of the resolution. The reporting period was from May 2006 to April 2007.

2. Information on the living and socio-economic conditions of the Palestinian people is provided in reports prepared by other United Nations agencies, in particular in (a) the report of the Economic and Social Commission for Western Asia (ESCWA) on the economic and social repercussions of the Israeli occupation on the living conditions of the Palestinian people in the occupied Palestinian territory, including Jerusalem, and of the Arab population in the occupied Syrian Golan (A/61/67-E/2006/13); (b) the annual report of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East;[1] and (c) the Humanitarian Monitor reports of the Office for the Coordination of Humanitarian Affairs.

3. Throughout the reporting period, the United Nations Special Coordinator for the Middle East Peace Process and Personal Representative of the Secretary-General to the Palestine Liberation Organization and the Palestinian Authority continued his efforts to support the peace process and to ensure effective coordination between the Palestinian Authority, the United Nations, the international community and the Government of Israel, as well as to document the economic and social conditions in the Occupied Palestinian Territory.

4. The present report provides an overview of the work of the United Nations agencies, in cooperation with Palestinian and donor counterparts, to assist the Palestinian people and institutions, as described in General Assembly resolution 61/135. Also included are observations of the political climate and related challenges as the international community responds to the crisis and works to end the cycle of violence, alleviate the suffering of the Palestinian people, and move forward towards a peaceful settlement.

II. Overview of the current situation

A. Political

5. The reporting period was dominated by a review of diplomatic contacts and international financing arrangements with the Palestinian Authority following the January 2006 legislative elections, including a redirection of aid through the Office of the President and humanitarian channels. On 30 January 2006, the Middle East Quartet concluded "that it was inevitable that future assistance to any new Government would be reviewed by donors against that Government's commitment to the principles of non-violence, recognition of Israel and acceptance of previous agreements and obligations, including the road map".

[1] *Official Records of the General Assembly, Sixty-first Session, Supplement No. 13* (A/61/13).

6. On 9 May 2006, following the formation of a Hamas-led Palestinian Authority Government, the Quartet expressed "its willingness to endorse a temporary international mechanism that is limited in scope and duration, operates with full transparency and accountability, and ensures direct delivery of assistance to the Palestinian people". The European Commission took the lead in establishing the mechanism, which began operating in July 2006. In March, the mechanism was renewed until June 2007. For its part, Israel suspended the transfer of most Palestinian customs and tax revenues collected on behalf of the Palestinian Authority. However, following a meeting between Palestinian President Mahmoud Abbas and Israeli Prime Minister Ehud Olmert in December 2006, Israel authorized a one-off transfer of $100 million to Presidential accounts.

7. Repeated attempts were made to overcome this impasse by reaching an accord on a national unity Government. These efforts were complicated, however, by the capture of an Israeli soldier by Palestinian militants in June 2006, a sustained three-month Israeli military campaign in Gaza, and the continuation of rocket fire at Israeli territory from the Gaza Strip.

8. The tensions between the main Palestinian factions escalated to armed confrontations. Following an intense round of intra-Palestinian violence in Gaza in December 2006 and January 2007 that threatened to degenerate into civil war, the Kingdom of Saudi Arabia invited Palestinian leaders to Mecca, Saudi Arabia, where an agreement was reached on 8 February to end factional violence and form a national unity Government. That agreement, and the subsequent formation of the Palestinian Government of National Unity, calmed the situation, though clan feuds have continued in Gaza, where law and order are yet to be fully restored and the firing of rockets into Israel is yet to be halted. A British journalist, Alan Johnston, was abducted on 12 March 2007. The stated platform of the Government did not explicitly commit to the principles spelled out by the Quartet, but it nevertheless constituted a step forward. As it came into office, the new Government faced many daunting tasks, including a fiscal crisis, the restoration of law and order, the cessation of rocket fire into Israel, and negotiations for the release of the captured Israeli soldier.

9. During the reporting period, the Israel-Hizbullah conflict in Lebanon and its political fallout brought to a halt any Israeli attempts to implement a unilateral withdrawal from parts of the West Bank. Settlement activity and construction of the barrier continued in the West Bank, as did Israeli incursions into population centres. Efforts from December 2006 onwards to bring about political progress through dialogue between President Abbas and Prime Minister Olmert brought few immediate results.

10. Throughout this period of crisis, the United Nations consistently emphasized its support for the formation of a national unity government, whose platform reflected Quartet principles, while calling on both parties to implement their obligations under the road map and supporting efforts to resume political dialogue. The United Nations strongly advocated for all parties to adhere to their obligations under international humanitarian law regarding the use of force and the protection of civilians. Through the Quartet and other channels, the United Nations worked to facilitate the release of Palestinian customs and tax revenues through agreed mechanisms, and encouraged the international community to continue to assist Palestinians in need.

B. Humanitarian and socio-economic context

Economic and fiscal developments

11. After a modest recovery between 2003 and 2005, the Palestinian economy suffered another decline in 2006. Real gross domestic product (GDP) fell by 5 to 10 per cent in 2006, and income per capita dipped to almost 40 per cent below its 1999 level.

12. The Palestinian Authority experienced a severe fiscal crisis. Total resources fell by almost 40 per cent, from $2.1 billion in 2005 to $1.3 billion in 2006, reflecting the suspension of direct assistance by most donors and the withholding of clearance revenues by Israel. Also, commercial banks reduced the stock of their loans to the Palestinian Authority because of risks of litigation abroad. Meanwhile, the wage bill continued to expand and by early 2007 exceeded the value of revenues, including those still withheld by Israel. The overall fiscal deficit reached almost $1 billion in 2006, up from $760 million in 2005. As a result, the Palestinian Authority accumulated up to $900 million in salary, non-salary and pension-fund arrears. Government employees received on average only about 50 to 60 per cent of their regular incomes.

13. Official and private financial flows from abroad helped prevent a much sharper decline in incomes and consumption in 2006, thus cushioning the overall contraction. External budget support through Palestinian Presidential accounts doubled in 2006, reaching almost $750 million. Humanitarian assistance increased by 56 per cent over the previous year. However, a decline in private investment, from an already low base, signalled a further hollowing out of the Palestinian economy and an increase in its dependency on foreign assistance and remittances.

Humanitarian and socio-economic developments

14. Levels of violence remained high during the reporting period. Two major prolonged Israeli military operations into the Gaza Strip in July and November 2006 were highly destructive. Rockets continued being fired from the Gaza Strip into Israeli territory, and attacks against Israeli civilians were carried out by Palestinian militants, though in a lesser number than in the past. However, there was a marked decline in the Palestinian-Israeli violence in Gaza since the ceasefire of 26 November 2006. In addition, conflict among Palestinian factions and private militias intensified. Overall, 900 Palestinians (146 children) and 16 Israelis (no children) were killed during the reporting period, and a further 4,507 Palestinians and 255 Israelis were injured.

15. Despite increases in financial and emergency assistance, humanitarian indicators continued to worsen, owing to a combination of ongoing closures and the inability of the Palestinian Authority to meet the public wage bill. By April 2007, an estimated 66 per cent of Palestinians were living in poverty, a 30 per cent increase from 2005. One third of the Palestinians were food insecure and a quarter unemployed. The situation was particularly severe in Gaza, where 80 per cent of the population relied on United Nations food aid, and 88 per cent lived below the official poverty line of $2.20 per day.

16. The intensification of closures was reflected in the failure to meet agreed targets under the 2005 Agreement on Movement and Access. Between 25 June and

31 December 2006, the Rafah crossing between the Gaza Strip and Egypt was mainly closed. Improvements began in the first quarter of 2007, with the crossing open for up to 27 per cent of scheduled opening hours. The Karni crossing, the main commercial transit point between Gaza and Israel, operated at only a fraction of the Agreement targets during the reporting period. Here again, export levels improved in the first quarter of 2007, but rarely exceeded 10 per cent of the Agreement target of 400 trucks per day. Worker movement through the Erez crossing to Israel has halted since the January 2006 elections.

17. There was no progress on construction of a seaport or airport, or on the establishment of a link between the West Bank and Gaza, and, despite Israeli Prime Minister Olmert's commitment to Palestinian President Abbas to ease movement restrictions in the West Bank, there has been no discernible improvement in movement for Palestinians in the West Bank. According to the Office for the Coordination of Humanitarian Affairs, the number of road obstacles to movement in the West Bank continues to climb, currently standing at 529.

Barrier

18. On 9 July 2004, the International Court of Justice rendered an advisory opinion stating that the construction of the barrier "constitutes breaches by Israel of several of its obligations under the applicable international humanitarian law and human rights instruments".[2] On 20 July 2004, the General Assembly acknowledged the Court's advisory opinion in its resolution ES-10/15, and requested the Secretary-General to establish a register of damage. By its resolution ES-10/17 of 15 December 2006, the Assembly authorized the establishment of the United Nations Register of Damage caused by the Construction of the Wall in the Occupied Palestinian Territory. In accordance with the resolution, the Office of the Register of Damage and the Register of Damage itself are to be established and to become operational within six months of the adoption of the resolution.

19. The Government of Israel continued its construction of the barrier in the West Bank. By April 2007, approximately 58 per cent of the total planned 703 km of the barrier route had been completed.

III. United Nations response

20. In a modified political environment, United Nations agencies and programmes have continued to discharge their responsibilities, to the best of their abilities, in keeping with their respective mandates. In so doing, they have continued to interact with their Palestinian Authority counterparts to ensure that the needs of the Palestinian people are met as effectively as possible.

A. Human, social and community development

21. Throughout the reporting period, regular development cooperation activities, grounded in long-term donor investments, took a back seat to emergency and life-sustaining interventions. Nonetheless, where possible, United Nations agencies and

[2] *Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory*; see A/ES-10/273 and Corr.1.

programmes sought out opportunities to continue longer-term economic, infrastructure, capacity-building, and service delivery interventions in their respective sectors of specialization.

Education

22. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) continued operating 272 elementary and preparatory schools for refugee children, using the Palestinian Authority curriculum and additional instruction material on human rights. The Agency constructed 105 computer laboratories and employed 190 information technology teachers in the occupied Palestinian territory. Nine school counsellors supported over 23,000 students. In the West Bank, specific attention was devoted to awareness-raising about violence against children. UNRWA provided teacher training to 645 trainees at four training centres. A new training centre in Gaza was expected to accommodate an additional 118 trainees during 2007.

23. The United Nations Children's Fund (UNICEF), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and non-governmental organizations (NGOs) carried out the third Back-to-School campaign for the 2006/07 school year, reaching 1 million children. UNICEF provided mathematics and science kits to 500 schools. UNICEF also provided psychosocial counselling to some 60,000 children, and began a programme to strengthen education information management systems. UNESCO also assisted in the preparation of the new Five-Year Education Plan (2007-2011) of the Ministry of Education and Higher Education, while the Office of the United Nations High Commissioner for Human Rights (OHCHR) assisted the Ministry to implement the World Programme for Human Rights Education, focusing on primary and secondary level schools in the first phase. The World Food Programme (WFP) supported adult education among 13,400 of the poorest Palestinians, in order to enhance quality of life and income opportunities.

24. In higher education, the World Bank invested $10 million to improve the efficiency, quality, relevance and regulatory environment of tertiary education institutions. UNESCO managed a programme of grants and scholarships valued at over $15 million, distributed across 35 universities and colleges across the Occupied Palestinian Territory.

Health

25. In the light of many donors' inability to provide direct financing to the Ministry of Health during the reporting period, the World Health Organization (WHO) led a comprehensive stakeholder review of the health situation to identify options that would avert a health crisis in a weakening institutional context. WHO, the United Nations Population Fund (UNFPA) and UNICEF collaborated in producing the monthly report on health sector surveillance indicators, which monitored comprehensively the health condition of Palestinians, and the status of health services. WHO also invested $3.25 million in key areas such as nutrition, mental health, maternal and child health, communicable and non-communicable diseases and food safety. UNICEF met all Ministry of Health vaccine requirements under the national immunization plan for 2006, and provided essential equipment and training for 17 hospitals in the area of mother and child health, and trained 183

Ministry of Health staff in the integrated management of child health. WFP provided monthly food supplies to eight public hospitals in Gaza during the reporting period. Under a new programme, the United Nations Office on Drugs and Crime (UNODC) provided technical resources and training to the Ministry of Health on substance abuse and related HIV/AIDS prevention.

26. Health coverage for refugees was ensured by UNRWA, which continued to operate 55 health facilities across the occupied Palestinian territory at a cost of $48 million, and through which over 4.7 million consultations were carried out. UNRWA continued its Family Health Programme, immunizing some 99 per cent of refugee children, and delivering food supplements to pregnant and nursing women. Three new hospitals were contracted by the Agency to mitigate the impact of movement restrictions in the West Bank.

Agriculture

27. In the area of agriculture and rural development, the Food and Agriculture Organization of the United Nations (FAO) assisted in technical extension and training for agricultural production and marketing, in irrigation and greenhouse rehabilitation, land reclamation and water resource management, and in the improvement of livestock production, crops and orchards. FAO also supported the development of backyard gardening and cottage industries for women, and provided technical assistance in integrated pest management and for avian influenza preparedness and response. The United Nations Development Programme (UNDP) focused on rural land development, road construction, production inputs for farmers, irrigation schemes, and rehabilitation of damaged infrastructure, generating some 17,500 temporary rural jobs in the process. FAO, together with WFP, led in the production of agriculture and food security surveys. WFP also directly assisted some 94,000 of the poorest farmers with livelihood support.

Multi-sector assistance

28. The largest multi-sector portfolio was carried out by the World Bank. This consisted of 11 projects reflecting a multi-annual commitment of $177.8 million. Large components of this investment were directed towards municipal services, NGO support, and integrated community development. UNDP invested $30 million in community development programmes for local authorities in rural and urban areas, with an emphasis on empowering vulnerable groups.

29. The United Nations Development Fund for Women (UNIFEM) focused on strengthening community-based women's organizations and groups and made use of UNDP-built community infrastructure in 18 rural locations to provide specialized service and training for 10,000 rural Palestinian women. Activities included support for women-run enterprises, vocational training, initiatives to keep girls in school, and facilitating rural women's access to health and other services.

30. UNESCO assisted directly in the conservation and management of archaeological sites of universal value, such as Hisham's Palace in Jericho, and in urban planning for historic city centres in Nablus and Bethlehem. These activities were meant to protect the West Bank's threatened cultural landscape, for the benefit of local communities and businesses, and for recreational use.

31. During 2006 the United Nations Human Settlements Programme (UN-Habitat) undertook an urban sector profile study to identify the needs and priorities in the Palestinian urban communities and identified a number of potential projects in the various urban sectors. Based on a broad participatory process, the study identified priority interventions to be integrated into a long-term strategy for sustainable urban development. In addition, UN-Habitat began a $6.3-million project to build improved 100 housing units for poor women and their children, and to create income-generating projects in Hebron.

Youth

32. With an estimated 56 per cent of the Palestinian population under the age of 19, support for youth and adolescence was an integral part of United Nations activities during the reporting period. This acquired an added importance in view of the intensified significant strains on households, schools and the labour market. UNICEF supported a wide range of interventions, including life-skills training to over 250 Palestinian schools, psychosocial work, recreational activities, youth-oriented publications and television, and support for "child municipal councils" involving the participation of 16,000 adolescents. As part of this effort, UNFPA supported training of adolescents in peer counselling, and worked to expand young people's access to reproductive health and HIV/AIDS prevention training. For its part, UNDP focused on youth employment, by investing in the placement of 4,500 youth in jobs in the private sector and civil society organizations. For the first time, UNODC began working with Palestinian youth to strengthen awareness and prevention of drug abuse, and on drug-related HIV/AIDS prevention.

Protection, gender and human rights

33. The United Nations system intensified its efforts to ensure the protection of children, women and other vulnerable groups during the ongoing crisis. In November 2006, the United Nations High Commissioner for Human Rights visited the region and met with a wide cross section of Israeli, Palestinian and civil society interlocutors. She visited Beit Hanoun, where 19 civilians were killed during an Israeli military operation on 8 November 2006, and highlighted the need for stronger accountability by all parties within international human rights and humanitarian legal frameworks, particularly for civilian protection. She also paid a visit to Sderot, the Israeli border town with Gaza, which was frequently attacked with rockets fired from Gaza.

34. Throughout the reporting period, OHCHR led the efforts of the country team to strengthen the human rights components of United Nations analysis and programming, notably by facilitating inter-agency meetings and supporting joint planning and monitoring. OHCHR worked with United Nations agencies, civil society groups and community leaders on human rights training and advocacy events, and facilitated meetings of local NGOs with the Special Rapporteur on the situation of human rights in the Palestinian territories occupied since 1967, during his visits to the region in June and December of 2006.

35. The International Labour Organization (ILO) launched a regional project to integrate gender and rights perspectives in the analysis of informal economies in the Occupied Palestinian Territory and Arab States. In addition, several United Nations agencies, including UNIFEM, UNESCO, UNICEF, UNDP, UNRWA and WFP,

worked with local authorities and communities to strengthen the legal and social protection of children and women. These activities included support for enhanced legal defence services, training, awareness-raising, support for refugee and non-refugee women centres, and investment in local research and statistical surveys on domestic violence in the occupied Palestinian territory.

Safety and well-being of children

36. The rights of Palestinian children to education, health, nutrition and play continued to be challenged. Data from the Palestinian Family Health Survey 2006 reveal that 10 out of 100 children under the age of five suffer from stunting. The proportion is higher in Gaza, at 13.2 per cent (almost 30 per cent of children in northern Gaza), compared to 7.9 per cent in the West Bank. The prevalence of violence in homes, schools and neighbourhoods remained an issue of particular concern. Restrictions on movement also continued to make access to health facilities, schools and extra-curricular activities difficult. School enrolment data revealed a 2-per-cent decline in the total enrolment rate during the 2005/06 scholastic year. Some 4.2 per cent of children ages 5 to 14 were working in 2006.

37. As noted previously, 146 Palestinian children were killed during the reporting period, far more than the toll for the previous reporting period, and many more injured by live fire, heavy artillery, tank shells, shrapnel and missiles. As noted above, over 23,000 refugee children and youth in the occupied Palestinian territory received psychological counselling and support through UNRWA, and UNDP-supported programmes aimed at increasing the resilience of children and youth who suffer from post-traumatic stress disorder and other forms of trauma. UNICEF and its non-governmental partners ran 12 psychosocial emergency teams to address the conflict-related distress of children and their caregivers. In total, 60,000 children attended UNICEF debriefing sessions and 30,000 caregivers were trained.

38. In response to high levels of violence against children and women in homes, schools and communities, UNICEF and its governmental and non-governmental partners have implemented a comprehensive programme since 2004, including monitoring, law and policy development, awareness-raising, capacity-building and the setting up of response systems. UNICEF also supported the development of a draft juvenile justice law and a Palestinian child rights law. In addition, UNICEF provided support to the Ministry of Detainees Affairs in building a comprehensive database on Palestinian children held in Israeli detention. UNICEF and the Ministry of Planning also continued establishing a national child protection monitoring system.

Targeted social assistance

39. Responsibility for providing targeted social assistance to non-refugees in the occupied Palestinian territory lies primarily with the Palestinian Ministry of Social Affairs Special Hardship Cases Programme. In 2006, however, the management and delivery capacity of the Ministry was considerably weakened. In this context, WFP supported the Ministry to ensure monthly food deliveries to a caseload of 382,269 recipients. At the same time, the World Bank began implementing a project aimed primarily at strengthening the institutional capacity, transparency and effectiveness of the Ministry programme. Beginning in the second half of 2006, the cash

component of the Special Hardship Cases Programme was supported primarily through the European Commission-led temporary international mechanism.

40. UNRWA continued to target food distributions and cash support to 32,000 disadvantaged refugees in the West Bank and 87,000 in Gaza on a quarterly basis, at a cost of $14.6 million in 2006, supplemented by significant emergency distributions. UNRWA also worked to reintegrate persons with disabilities into their communities, subsidized the costs of prosthetic devices, and supported home-based rehabilitation and employment of persons with disabilities.

B. United Nations system support to Palestinian institutions

41. As noted, the reporting period saw severe strains placed upon Palestinian public institutions. These resulted in a fiscal crisis, recurring labour unrest and an overall weakening of public service delivery capacity, precisely at a time when the intensification of conflicts on the ground caused a rapid growth in social and economic needs, particularly in Gaza. Donor contact policies, moreover, had an important impact on the United Nations efforts to continue normal capacity-building support. While some capacity support was maintained in specific areas, this combination of factors caused a partial shift towards short-term emergency support for public health, education, and municipal and social services. Together UNDP, WHO, UNICEF and UNRWA intensified their efforts to procure fuel, transport, equipment and stocks essential for the operation of clinics, schools and solid waste removal and water treatment. In an effort to offset the impact of the fiscal crisis, UNRWA expanded its food basket coverage to include 23,000 families of Palestinian Authority employees no longer receiving their full wages. Sixty-five per cent of WFP programmes were implemented through Palestinian ministries and municipalities.

42. A key area of emergency support was in health service delivery. Working together, WHO, UNFPA and UNICEF supported the Ministry of Health to finalize its essential drugs list and to develop an essential drugs information mechanism. They assisted the Ministry to determine needs and inventories, and to liaise with donors on financing essential drugs procurement. UNDP assisted the Ministry in upgrading its information technology capacity with new software and equipment and to establish new standard operating procedures. In education, UNICEF adopted a "dual-use" supply strategy of directing essential school supplies to both emergency and non-emergency areas of the Occupied Palestinian Territory.

43. Another important area of United Nations support to a weakened administration was in the area of central aid management and sector coordination. Several United Nations agencies, including FAO, WHO, UNESCO and WFP, served as lead technical advisers to sector working groups, crucially bridging the gap between external donors and Ministries in an environment of restricted international contact policies. UNDP supported the Ministry of Planning to upgrade its aid tracking database. The United Nations Conference on Trade and Development (UNCTAD) provided support to the Ministry of Finance to bridge the central budget to the medium-term development plan. The Office of the United Nations Special Coordinator for the Middle East Peace Process provided the Ministry of Planning with strategic and operational planning support in the area of aid management.

Capacity-building

44. At the same time that United Nations agencies acted to respond quickly to immediate institutional needs, several longer-term capacity-building programmes were maintained. UNDP deployed 24 expatriate Palestinian experts of the Transfer of Knowledge through Expatriate Nationals programme and 73 United Nations Volunteers to strengthen Palestinian capacity across a broad range of institutions and, at the local level, supported civil society dialogue with municipal officials, local councillors and offices of the Ministry of Local Government.

45. UNCTAD continued its efforts to assist in modernizing Palestinian customs systems at the Rafah border crossing, while the United Nations Office for Project Services (UNOPS) provided training for border security at the Karni commercial crossing point between Israel and the Gaza Strip, and assisted in a major infrastructure project to improve security and efficiency at the crossing within the context of the Agreement on Movement and Access. WFP trained 60 staff from the Ministries of Social Affairs and Agriculture in food security, logistics, programme management, monitoring and beneficiary targeting. FAO continued to provide technical advice and training to the Ministry of Agriculture and other partners in the areas of agriculture and food security. In the area of culture, UNESCO provided specialized site management training for officials of the Ministry of Tourism and Antiquities and, using GIS mapping systems, assisted local authorities to develop an inventory of cultural heritage sites, features and tourist routes across the Occupied Palestinian Territory.

46. Finally, the United Nations continued to support the rule of law sector with technical and infrastructure assistance. UNIFEM provided human rights training for 10 female local councillors and 30 female police officers. UNDP completed the construction of the Khan Younis courthouse, with plans to begin similar work in Jenin, and initiated a project to automate the operations of the Supreme Judicial Council. UNDP also assisted in the construction of presidential premises in Ramallah.

C. Private sector development

47. In February 2007, the World Bank conducted an investment climate assessment that confirmed that shrinking market access and lack of free movement in the occupied Palestinian territory posed the main constraints to growth for Palestinian enterprises during the reporting period. The study found that private sector recovery would be directly contingent on (a) restoring movement and access; (b) developing private enterprise capabilities; and (c) improving the investment climate. In this context, the Bank undertook a major feasibility study on the export of commercial goods via the Rafah border crossing with Egypt.

48. In 2006, UNCTAD worked directly with the private sector to establish the Palestinian Shippers' Council in order to facilitate trade and reduce import/export transaction costs. Together with ILO, UNCTAD provided training to build entrepreneurial capacity for 123 small and medium business leaders, including 16 women. ILO also continued to provide technical support to Palestinian trade unions and to the Federation of Palestinian Chambers of Commerce and Industry. Finally, as a measure to stimulate the private economy, WFP purchased $16 million of food

commodities (wheat, oil, salt) from local suppliers, including 1,600 small-scale olive farmers of the West Bank.

D. United Nations system emergency assistance

49. The reporting period witnessed an intensification of what might be called an ongoing emergency in the Occupied Palestinian Territory, generated by a combination of closures, conflict, fiscal crisis and institutional degradation. In addition, the reporting period was punctuated by a number of specific emergency developments in the Gaza Strip that required rapid, coordinated responses by the United Nations, the International Committee of the Red Cross (ICRC) and the NGO community. Three events stand out. On 28 June 2006, the Gaza central power plant was severely damaged by an Israeli air strike, immediately depleting some 60 per cent of the local power supply. In response, the United Nations system delivered a total of 650,000 litres of fuel for Gaza Strip municipalities and refugee camps to operate essential public services, including the provision of drinking water and the removal of solid waste. The plant's service was restored to pre-June levels with technical and financial support from Egypt and Sweden.

50. On 8 November 2006, the municipality of Beit Hanoun came under Israeli artillery attack after the firing of rockets by Palestinian militants. Some 19 Palestinians were killed and 52 injured when shelling destroyed a residential building. In response, United Nations humanitarian agencies successfully negotiated access to the conflict zone, and provided emergency water, food and medical access in support of those among the 50,000 residents that were most directly affected. On 27 March 2007, a breach in Gaza's main sewage treatment plant in Beit Lahia caused severe flooding in surrounding communities, killing 5 people and affecting some 700 families. The United Nations was the first to appear on site to support the evacuation of residents, to clean the area, and to coordinate with ICRC, NGOs and the Palestinian Civil Defence Service the provision of tents, water and food supplies to evacuees.

Emergency food assistance, cash support and job creation

51. Beyond these specific events, the United Nations remained at the forefront of overall humanitarian assistance provision during the reporting period. Restricted donor contact policies, reflected in a donor preference to "by-pass" the Palestinian Authority Government in the transfer of aid, resulted in the growth of food and cash assistance programmes in particular. Under the United Nations Consolidated Appeal for 2006, over $274 million was received by the United Nations and NGOs, which directly targeted the Palestinian population. That represented 70 per cent of the original request.

52. UNRWA and WFP were the largest humanitarian providers during the reporting period. UNRWA raised $145 million for emergency programmes, including food distributions to support some 70 per cent of the total registered refugee population. Given the depth of the crisis, UNRWA increased its emergency food caseload in mid-2006. Three million work days were created for 53,000 unemployed refugees, for periods of 1 to 12 months, at an average wage subsidy of $14 dollars per day, and benefiting 400,000 refugees overall. WFP delivered 83,000 metric tons of food assistance to over 640,000 non-refugee recipients, at a cost of

$44 million. WFP food-for-work programmes covered an additional 30,000 people during the reporting period. WFP also provided food supplements to municipal workers and fishermen in the Gaza Strip, benefiting some 8,000 family dependants.

53. UNDP implemented emergency job creation programmes with a longer-term developmental impact, including rehousing, road repair, agricultural rehabilitation, and solid waste management in Gaza. Some 180,000 work days were created with an investment of about $12 million. An additional 100,000 work days were created in the West Bank through small-scale infrastructure projects, valued at some $14 million received through the United Nations Consolidated Appeal. UNIFEM piloted a food security initiative in rural areas of the Gaza Strip, benefiting 65 women, and promoted the use of women centres for determining the beneficiaries of food-for-work and food-for-training initiatives. Together, FAO and WFP conducted a comprehensive food security and vulnerability analysis, which provided a new food security baseline for the occupied Palestinian territory, and the basis for a new food security monitoring system.

Emergency health support

54. The United Nations focused its efforts on ensuring the continuity of health service provision as the economic and institutional crisis deepened. WHO mobilized over $13 million to support the provision of essential drugs and supplies to primary health-care services across the occupied Palestinian territory. UNRWA opened its clinic and hospital services to non-refugee users, and operated five mobile clinics to assist isolated communities in the West Bank, including those affected by the barrier, treating more than 11,000 patients each month. UNICEF worked to ensure that basic supplies were procured or replenished. Working together, WHO, UNICEF and UNFPA established a computerized system within the Ministry of Health to strengthen and modernize its management of drug supplies. UNICEF provided emergency drinking water and improved water and sanitation facilities to 33 clinics and 3 hospitals in the Gaza Strip.

55. Owing to increased stress and trauma experienced by the civilian population, United Nations agencies redoubled their emergency efforts in psychosocial care. During the reporting period, UNRWA's 310 counsellors conducted some 14,000 group sessions with over 237,000 participants, and 10,000 people received individual counselling. Likewise, UNICEF deployed 12 psychosocial teams across the West Bank and Gaza Strip to counsel over 40,000 children and supported secure recreational activities for over 35,000 more. UNIFEM provided counselling services to 2,000 women and medical staff in the West Bank and Gaza Strip.

Emergency education support

56. As with health, education services also came under severe stress during the reporting period. Primary and secondary schools were affected by teachers' strikes in the West Bank from the opening of the school year, and inadequate financing resulted in shortages of essential school supplies. With international support, however, lost ground was regained towards the end of 2006. Most schools offered catch-up sessions to avert a repeat of the academic year by affected students.

57. UNRWA created 1,500 new temporary teaching positions under its job creation programme to mitigate declining education standards. In addition, UNICEF provided emergency water supplies to all 343 public primary and secondary schools,

and improved water storage and distribution facilities for some 70 schools. Together with the Palestinian Red Crescent Society, UNICEF also provided mine-risk education to 43,668 children and 6,939 adults. WFP contributed to adult education among 13,400 of the poorest non-refugees through food-for-training activities, and initiated a pilot in-school feeding programme for 10,000 children in the West Bank.

Emergency agricultural support

58. Agriculture has traditionally played the role of employer of last resort in times of crisis. Together with the Ministry of Agriculture and other partners, FAO implemented a total of seven projects focusing on recovery of crop and animal production among the most needy farming families; capacity-building and support services for farmers; support for backyard gardening and cottage industry for women; and emergency assistance for preparedness and response to avian influenza outbreaks. FAO directly assisted 1,500 poor farming families, or about 10,000 beneficiaries.

Emergency infrastructure support

59. Primary infrastructure damage during the reporting period resulted from Israel's extended military operation in Gaza between July and September 2006. UNDP moved quickly to produce a rapid assessment of damages, copies of which were widely circulated, including at the Stockholm donor conference of 1 September 2006, and served as a common reference point for donor planning and subsequent responses. UNRWA rehabilitated 1,541 houses and shelters and, critically, repaired the Salah ed-Din Bridge on the main north-south route in the Gaza Strip. UNRWA opened new shelters and offered space and care at its schools for several thousand refugees fleeing from military operations over the summer. UNICEF focused on the water and sanitation sectors, restoring residential and municipal water networks and storage facilities covering 21,000 people in the West Bank and Gaza. In addition, WFP allocated 60 per cent of food-for-work activities to the emergency infrastructure repair of roads, municipal buildings, pavements and other public assets.

E. Coordination of United Nations assistance

60. In May 2006, the Secretary-General appointed a Deputy Special Coordinator at the senior executive level to ensure better coordination within the system. Adapting from the Integrated Mission model, the Deputy was appointed also as Humanitarian Coordinator for the Occupied Palestinian Territory, and mandated to serve as Resident Coordinator. The Deputy Special Coordinator-Humanitarian Coordinator/ Resident Coordinator oversaw the preparation and launch of the 2007 Consolidated Appeal, and, with support from the Office for the Coordination of Humanitarian Affairs, led efforts to raise funds, negotiate humanitarian access, and facilitate the implementation of programmes in the occupied Palestinian territory, and in Lebanon during the 2006 conflict. With the collaboration of UNDP, the Deputy Special Coordinator also renewed engagement between the United Nations Development Group Office and the United Nations country team locally.

61. Coordination was effectively carried out by United Nations sector leads in health, education, food security and human rights. Following the visits of the Emergency Relief Coordinator and the High Commissioner for Human Rights, United Nations agencies formed a protection sector group, covering issues of

protection, the rule of law, and accountability, under the stewardship of the Office for the Coordination of Humanitarian Affairs and OHCHR. Multi-sector coordination by UNDP, WHO, FAO, WFP and UNICEF proved especially effective in organizing the United Nations response and follow-up to the avian influenza epidemic in the first half of 2006.

62. Responding to increasing donor concerns about the humanitarian situation on the ground, the Office for the Coordination of Humanitarian Affairs coordinated the development of the monthly Humanitarian Monitor Report. The Monitor provided an exhaustive and comprehensive analysis of changing socio-economic patterns and public service delivery capacities, and received a very positive response from the donor community. By April 2007, the United Nations Consolidated Appeal, valued at over $450 million, received funds amounting to 18 per cent of stated requirements.

Humanitarian access

63. With a hardening of Israel's security posture during a period of intensified violence, passage of United Nations staff between the Gaza Strip and Israel, and between the West Bank and Jerusalem, was subject to unprecedented restrictions, particularly for Palestinian staff. To address the issue, senior United Nations officials, with support from key donor countries, engaged in sustained consultations and démarches with the Government of Israel, at local and Headquarters levels. The Secretary-General highlighted problems of United Nations humanitarian access with the Prime Minister and key Israeli Cabinet members during his visit to the region in March 2007. At the time of writing, the issue awaited resolution.

United Nations media and public information activities

64. The main vehicle for coordinating the United Nations media and public information activities during the reporting period was the inter-agency Advocacy and Public Information Committee. Serving under the United Nations country team structure, the Committee coordinated two major inter-agency press statements on the closure and military operation in the Gaza Strip, and organized a major media event to coincide with the Palestinian olive harvest. In addition, specialized United Nations agencies led advocacy and media efforts in their specific areas of focus, including public health, the protection of civilians and children, cultural heritage and press freedom.

IV. Donor response to the crisis

A. Emergency budget and fiscal support

65. As noted, the majority of donors withdrew direct budget support to the Palestinian Authority in March 2006, following the formation of a Hamas-led Government. The withdrawal of budgetary support, combined with the decision of the Government of Israel to withhold clearance revenues collected on behalf of the Palestinian Authority, meant that by May 2006 Palestinian Authority monthly revenues had fallen to around a third of 2005 levels. The temporary international mechanism delivered funds to pay social allowances, and meet the procurement and recurrent costs of key non-security social services. By April 2007, the mechanism had disbursed some $330 million. Donors also relied increasingly on established

humanitarian channels, most notably the United Nations and NGOs, which together delivered over $460 million directly to Palestinian recipients.

B. Support to Palestinian reform

66. In the light of restrictive donor contact policies, much of the Palestinian reform agenda was put on hold. Security sector reform was complicated in a context where the main international interlocutor on security, the United States, was unable to engage with the Palestinian Authority Government. Support to security services reporting to the Office of the President, and to other aspects of the Office, however, continued.

67. Some of the most important reform gains of the past few years, notably in the field of public financial management, were considered lost during 2006. The Single Treasury Account and the national budget ceased to operate, as did legislative reform efforts. Donors nonetheless encouraged ongoing discussions about reform strategy, focusing on short- and medium-term objectives that could be supported if political conditions changed. With the formation of the Government of National Unity some began to re-engage, albeit variably, indicating the possibility of reviving the reform agenda.

C. Donor coordination

68. Donor contact policies limited the effectiveness of existing coordination structures during 2006. These coordination structures had been designed in 2005 to integrate the Palestinian Authority into donor coordination and decision-making processes, in accordance with the 2005 Paris Principles. The United Nations, which was less constrained than many of the donors in its contact with Palestinian officials, played a critical role throughout the year in maintaining links between the donor coordination mechanism and the Palestinian Authority at both central and sector coordination levels. This helped to maintain the operation of core services of the Palestinian Authority, such as in public health and social welfare. Following the formation of the Government of National Unity, the United Nations began to work closely with key partners to re-energize donor coordination.

V. Looking ahead

A. Political, economic and social challenges

69. The formation of the Palestinian Government of National Unity transformed the political landscape for Palestinians, creating opportunities for greater, though still constrained, contact between the international community and the Palestinian Authority.

70. Conditions for most Palestinians nonetheless remained extremely difficult. While inter-Palestinian factional violence subsided in early 2007, the situation in Gaza remained tense. Bringing internal violence under control appeared as a major test of the new Government, as did effective actions to prevent militant attacks against Israeli targets. The economy remained severely depressed, and appeared set to remain under stress in the light of ongoing commercial closures.

71. The fiscal crisis of the Palestinian Authority, already critical by the end of 2005, risked threatening its very viability in the first half of 2007. Even with the resumption of customs and value-added tax transfers, a Palestinian budget deficit loomed at some $80 million every month.

72. Ensuring the resumption of negotiations towards a permanent resolution of the conflict remained a major challenge for both parties. To allow sustained progress on the political track, the Palestinian Government would need to show progress in the reduction of violence against Israel. For its part, the Government of Israel must cease settlement construction and remove outposts. Both Israeli and Palestinian Governments also face domestic difficulties. The international community, including the regional countries, can contribute usefully, as illustrated by the re-energizing of the Quartet and the Arab Peace Initiative.

B. Unmet and emerging requirements

Access

73. While United Nations agencies continued to negotiate for unimpeded humanitarian access, the Palestinians experienced an increasingly restrictive closure regime that directly undermined their ability to engage in economic activity. The effects of these closures could not be reversed with increased humanitarian assistance. Development initiatives to improve the Palestinian economy were expected to have limited impact in an environment where intense access restrictions prevailed. The reporting period showed that despite substantially increased levels of aid, socio-economic indicators have worsened. Without normalization of movement of people and goods into and out of Gaza and East Jerusalem, and within the West Bank itself, poverty and unemployment were expected to rise and aid dependency to grow.

Youth and education

74. For many years, Palestinian enrolment rates were applauded as among the best in the region. The sector came under considerable strain during the reporting period, raising concerns about the quality of education services. There was growing demographic pressure for more classrooms, and for accelerated teacher training. In isolated areas, such as the Jordan Valley, schools remained dilapidated, lacking basic water and sanitation facilities. Remedial education and more focus on girls' schooling was required, particularly in areas where closures were most severe.

Women

75. In addition to externally imposed economic and movement restrictions, social pressures faced by women often further impeded their mobility and access to information, resources and services. Palestinian women tended to be an underutilized human resource in employment generation programmes, despite being under increasing pressure to contribute to household incomes. A community-based approach offered an opportunity to generate employment for women through locally based initiatives. In addition, more needed to be done to address the psychosocial health of women, not only as caregivers, but as individuals with particular needs and pressures.

Health

76. Concerns grew that the Palestinian Authority financial crisis would seriously affect health sector performance over the longer term. Historically, about half of the Ministry of Health budget had been covered by international aid through both budgetary support and projects implemented through the Ministry. Continued funding restrictions of the kind witnessed during the reporting period created a real risk of deterioration in health service delivery and reform.

VI. Conclusion

77. During the reporting period, the crisis in the Occupied Palestinian Territory deepened and continued to claim lives. The combination of continued conflict, closures, fiscal crisis and withholding of Palestinian revenues by the Government of Israel had immediate effects: incomes dropped, and poverty and food insecurity worsened. Gaza saw a virtual collapse in law and order. Yet the situation could have been worse, were it not for the rapid interventions by the United Nations system, NGOs and the temporary international mechanism, which together disbursed upwards of $800 million in emergency food, cash and budget support.

78. As it moved into its second quarter, the year 2007 witnessed some modest improvements in overall policy setting. Dialogue between Israel and the Palestinians resumed, and enabled a substantial transfer of customs and tax revenues in early January, as well as improvements of commercial flows at the Karni crossing. Most significantly, the new Palestinian Government of National Unity was formed, leading to a selective re-engagement by some donors. The appointment of Salaam Fayad to the post of Finance Minister appeared to offer new options for international re-engagement. Critically, the Palestinian Government of National Unity had an immediate effect of decreasing internal factional fighting, though the level of violence remained critical in the Gaza Strip, as exemplified by the abduction of a British journalist, who should be released immediately and safely. For further progress to be possible, law and order should be fully restored in the Occupied Palestinian Territory, facts on the ground that prejudge final status issues should be avoided, and access and movement for the Palestinians should be facilitated. I reiterate my calls on the Government of Israel to ease restrictions and resume payment, through an appropriate mechanism, of the Palestinian tax revenues it collects, and on the Palestinian Authority to respect fully the three principles of the Quartet. Moreover, the Israeli soldier who was captured in June 2006 must be released.

79. How resilient these encouraging but modest steps will prove to be in the coming period, and whether they will translate into concrete, lasting improvements for the majority of Palestinians, will depend on the willingness of the parties to meet their respective commitments and of the international community to encourage them along this path. The United Nations will continue to monitor events closely, in order to respond to urgent needs, and to capitalize on opportunities for development as they arise. In doing this, it will seek to realize its broader aim, which is also that of the Quartet and the entire international community: a just, lasting and comprehensive peace in the Middle East, based on Security Council resolutions 242 (1967), 338 (1973), 1397 (2002) and 1515 (2003), and the establishment of a sovereign, democratic, viable and contiguous Palestinian state, living side by side in peace with a secure Israel.

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Strengthening emergency relief, rehabilitation, reconstruction, recovery and prevention in the aftermath of the Indian Ocean tsunami disaster

Report of the Secretary-General***

Summary

Two and a half years after the 2004 Indian Ocean tsunami, progress is apparent across the affected region: affected populations are living in newly constructed homes, children are back in school, and hospitals are being rebuilt and repaired. Yet while progress in physical reconstruction efforts is palpable, many complex challenges remain as the recovery efforts across the region continue. Each affected country faces different challenges, and thus the picture of progress is an uneven one, but common to all countries is the realization that it will take many years for individual households, and the wider economies on which they depend, to recover from the most destructive disaster caused by a natural hazard in recorded history.

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I. Introduction

1. On 26 December 2004, an earthquake off the western coast of northern Sumatra, measuring 9.0 on the Richter scale, triggered an intensely destructive tsunami, which affected 12 countries, taking 186,983 lives. Hundreds of thousands of people were displaced, and over 3 million persons were affected, including 1.4 million who lost their sources of livelihood. The tsunami had the greatest impact on rural coastal communities, many of which were already poor and vulnerable and had few livelihood options. The hardest-hit and most severely affected countries were India, Indonesia, Maldives, Sri Lanka and Thailand. Malaysia, Myanmar, Seychelles, Somalia and the United Republic of Tanzania were also affected.

2. The present report is prepared as a follow-up to General Assembly resolution 61/32. It provides a brief overview of the progress achieved and the challenges lying ahead in India, Indonesia, Maldives, Sri Lanka and Thailand. It focuses primarily on recovery efforts in key sectors (housing, health, education and livelihoods) and also on coordination in the humanitarian and the recovery phases, models of government humanitarian and recovery institutions, transparency and accountability to donors as well as risk reduction, tsunami early warning, and incorporation of prevention in development planning. It does not purport to cover the field, in terms either of progress achieved, which has been substantial in all five countries, or of the challenges that recovery actors will continue to face.

II. Impact of the tsunami and progress of relief efforts

3. During the course of recovery efforts, recovery partners and local communities made enormous strides towards rehabilitation and reconstruction. Across the five most affected countries, the progress was very evident by the end of 2006, with some 150,000 houses built or repaired, nearly 1,000 schools built or repaired, and approximately 430 health centres constructed. Moreover, the affected countries were fulfilling the promise of building back better in many areas, with safer houses under construction, improved education and health facilities, and important steps forward on disaster risk reduction.

4. Much of this progress has been achieved in the face of serious obstacles, such as logistic hurdles, administrative constraints, lagging capacity, coordination challenges, rising inflation and the resurgence of the conflict in Sri Lanka. In 2007 and beyond, the recovery process will confront its share of these and other challenges, ranging from operational hurdles, with respect, for example, to speeding up progress on permanent home building, to policy issues, such as concerns about ensuring equity in the assistance process.

5. A continuing challenge for leading agencies has been to link the different ongoing recovery processes, such as needs assessments and access to critical information, and capacity-building of local government among others. Instead of supplying critical information, many of the tsunami systems provided unanalysed data on inputs which were not linked back to ongoing needs assessment. Moreover, in the most affected tsunami countries, many implementing agencies' planning systems were and continue to be based on original needs assessments and commitments made in January 2005, despite the fact that needs have changed considerably in many sectors.

India

6. The tsunami affected more than 1,400 miles of India's southern coastline. Across some 1,089 villages, the death toll was 12,405, and close to 2 million people were affected. Nearly 650,000 people had to relocate to safer places after the disaster. The State of Tamil Nadu was the most severely affected, followed by the Andaman and Nicobar Islands (death toll 3,513). Total needs were assessed at $2.1 billion. Across all areas hit, it is estimated that one third of the people affected were from the traditionally underprivileged and socially excluded groups, such as the Dalits and tribal people.

7. Across India's affected areas, 169,753 houses are in need of repair or rehabilitation. To date, 27,845 homes have been rebuilt. The Government of the State of Tamil Nadu announced at the beginning of 2007 that an additional 50,000 houses within 1,000 metres from the coastline or 200 metres within the backwaters, which are vulnerable to disasters, would be rebuilt in a hazard-proof manner.

8. Rehabilitation in the education sector has concentrated on rebuilding the 360 primary and secondary schools that were destroyed or damaged. To enhance education and access to education, quality education packages, which include new curricula, materials for teachers, furniture and supplies, are being introduced in the affected areas. Teachers have been trained so that they can successfully implement the quality education package. In the State of Tamil Nadu, as of April 2007, a total of 138,588 children and 3,472 teachers had benefited from this initiative.

9. Health infrastructure was also significantly affected. In addition to activities undertaken to reconstruct such facilities and provide medical supplies, there are several other initiatives under way that aim to improve the quality of health care and address the health issues emerging in this post-disaster situation. One of the initiatives currently on its way to completion entails the training of health workers throughout the affected States and districts in integrated management of neonatal and childhood illnesses.

10. The traumatic impact of the tsunami on the minds of its victims has called for psychosocial support, whose objective has been to help people "normalize" their lives as early as possible. To this end, a community-based approach has been developed, with people trained as community-level workers living within the community. The community-level workers have provided support in the form of counselling, assisted with social needs and referred individuals for further care to the health system. The 13,000 workers who were trained have assisted a total of 275,000 people.

11. The prevalence of HIV/AIDS in States affected by the tsunami is one of the highest in India. In this context, the United Nations, in partnership with key stakeholders, is implementing projects in tsunami-affected districts. The projects address the immediate needs of those affected, particularly women, girls and boys at risk of being trafficked, as well as trafficking survivors. One thousand village vigilant committees have been strengthened and sensitized through awareness programmes on trafficking and HIV/AIDS. In the "Tsunami out-of-school youth programme", a total of 4,233 peer educators received training on HIV/AIDS. In addition, Tamil Nadu State AIDS Control Society reached 95,000 pregnant women through the preventing mother to child transmission services.

12. Livelihood recovery efforts have focused on re-establishing prior economic activities and developing alternate livelihoods. Beneficiaries are receiving vocational training and small-enterprise support. Wage-employment and self-employment opportunities are being created for over 5,000 youth, women and disadvantaged people.

13. Disaster risk management is an integral part of reconstruction and rehabilitation in the tsunami-affected States in India. Efforts are being made to link systematic and sustainable disaster risk management effort at the district, State and national levels. These have included vulnerability mapping and coastal management planning, construction of cyclone shelters and of cyclone- and flood-proof housing, and strengthening of early warning capacities of Governments and communities. So far, 2,560 members of community early warning teams have received training on how to disseminate early warning messages.

14. Policy support and coordination, a focus area in the United Nations recovery framework, constitute a mechanism for building improved coordination and information-sharing among stakeholders at various levels in all processes of tsunami relief, rehabilitation and recovery. In Tamil Nadu the creation of a State-level coordination and resource centre, along with a network of district-level centres, was key in enhancing partnerships in aid coordination between government and civil society organizations.

15. The tsunami had unprecedented consequences for fragile natural ecosystems along the coasts and in the islands of the region. The United Nations adopted a two-phase approach to examining this issue within the context of rapid coastal development, increasing resource needs and changing legislative mechanisms, while also devising medium- and long-term interventions designed to ensure the long-term security and sustainability of the coastal environment and its services.

16. The United Nations facilitated a midterm review of tsunami recovery in Tamil Nadu, the most affected State in India as noted above. The "stocktaking" exercise analysed progress, issues and lessons in 12 sectors of tsunami recovery, including the cross-sectoral issue of social equity, and resulted in a Government-released report outlining recommendations and accountabilities for the next phase of tsunami recovery, which will focus more on long-term programmes in areas like livelihoods restoration and disaster risk management. Important steps will also be taken in the promotion of environmental sustainability and the strengthening of local governance and rights-based development in affected districts.

Indonesia

17. The combined destruction from the December 2004 earthquake and tsunami, and the subsequent earthquake on Nias Island in March 2005 was immense. More than 130,000 people were killed in the disasters, with as many as 37,000 still listed as missing. The livelihoods of at least 500,000 people were affected.

18. Financing needs to cover the long-term recovery of Aceh and Nias overall are now calculated at $8 billion, which includes $1.2 billion for inflation and $1.9 billion for estimated needs in building back better in Aceh and Nias. To date, a total of $8 billion has been pledged, of which $5.9 billion has already been

committed to specific projects. Expenditures stood at $2.2 billion at the end of 2006, with an average of $100 million per month having been spent in 2006.

19. The United Nations and partners continued their key activities focusing on (a) support to the Rehabilitation and Reconstruction Agency for Aceh and Nias and local governments in strengthening capacity to manage and coordinate recovery activities through coordination mechanisms at various administrative levels, specifically in support of the regionalization of recovery and reconstruction; and (b) coordination support to the United Nations system and recovery community in Aceh and Nias, in particular through the Area Security Management Team, the United Nations Team, the Inter-Agency Standing Committee, and the common service user groups. The United Nations Recovery Framework for Aceh and Nias was finalized in October 2006, and is undergoing further revisions to reflect the priorities of the new government in Aceh.

20. With its need for 120,000 new permanent houses and repairs to an additional 85,000, the housing sector has presented the greatest challenge in Indonesia. The fact that, during the first half of the year 2006, more than 65,000 internally displaced persons were moved out of tents and into 12,000 transitional shelters, significantly improving the living situation for tens of thousands still awaiting permanent homes. By the end of February 2007, 54,306 on-off-budget houses had been completed, representing approximately 50 per cent of the 120,000 target.

21. In social services, such as education and health, water and sanitation, work has focused on both physical reconstruction and improving quality. The disaster severely impacted the education sector, killing 2,500 teachers and destroying or damaging approximately 2,000 schools. To date, 379 temporary facilities were constructed and 623 permanent schools have been rebuilt or rehabilitated, including new water and sanitation facilities for schools. In Aceh, 5,100 teachers have been trained, and in Nias nearly 300 have received training.

22. As regards the health sector, which saw 122 buildings damaged or destroyed, 305 health facilities, including three hospitals and satellite health posts and health centres, have been rebuilt or rehabilitated in Aceh, and an additional 19 in Nias. Figures on reconstruction exceed the number of health facilities affected by the disaster because many health centres that were damaged during the war in Aceh are also slated for rehabilitation. In addition to reconstruction, there is a continuing need for provision of medical supplies and skilled personnel to staff these new facilities, and the Rehabilitation and Reconstruction Agency for Aceh and Nias is providing access to training and education so as to develop capacity and provision of health services.

23. In a sign of progress in reducing potential risk from disaster, over 33 kilometres of coastal protection, such as sea walls, and 24 kilometres of saltwater dykes have thus far been constructed. There are concerns, though, regarding building quality and the reconstruction of some communities too close to the coast. On the other hand, increased community awareness and improved refuge areas will contribute to safer communities.

24. The tsunami had a massive impact on livelihoods. In addition to the fact that the productive sector incurred $1.2 billion in damage, 100,000 small business owners lost their sources of livelihood, 4,717 boats were lost, 20,000 hectares of fish ponds were destroyed, 60,000 farmers were displaced, and close to 70,000

hectares of agricultural land were damaged. Livelihoods restoration is visible, with over two thirds of the male labour force back to work in both rural and urban areas. In addition, 4,420 boats have been distributed, and 6,800 hectares of fish ponds and more than 50,000 hectares of agricultural land have been rehabilitated. Cash assistance was provided to more than 1,700 separated/unaccompanied children and their caregivers in order to boost the economic capacity of the foster families.

25. The peace process in Aceh stands as perhaps the most important example of building back better. In mid-December 2006, Aceh held its first-ever provincial and district-level elections, and peace seems ever-more non-reversible for this province, the scene of long-time conflict.

26. Disaster risk reduction poses another important challenge, as disaster management must become fully integrated into the activities of all reconstruction partners. In the education and health sectors, greater attention will need to be directed in the coming years towards improving quality and strengthening local capacity. Aceh also still faces challenges in terms of short- and long-term livelihood creation and planning.

27. The Government had insisted on broad participatory mechanisms in aid delivery. Research on monitoring and impact assessment was conducted, which proved that the earlier the community-driven approach was adopted, the better the quality of the recovery process and of the sustainability of communities and the higher the level of community satisfaction.

28. Finally, as the Rehabilitation and Reconstruction Agency for Aceh and Nias begins to plan its own handover to local government and exit from Aceh and Nias in 2009, all reconstruction partners will also begin to think about transitions in their programmes. This suggests the need to ensure early focus on transition strategies in 2007 and highlights the importance of maintaining the high-level commitment to reconstruction and building back better that has characterized the effort thus far.

Maldives

29. The tsunami flooded all but 9 of the 199 inhabited islands of Maldives, with 53 islands having suffered severe damage. Fifteen thousand people lost their homes, and one third of the population — approximately 100,000 people — were affected through the loss of homes, livelihoods and infrastructure damage. Aggregate estimated recovery needs of $393.3 million are now covered fully by existing commitments, although there are still shortfalls in certain sectors, with some underfunded and others overfunded, because provision of funds does not always match requested needs. A total of $141 million had been spent by the end of 2006. Following the tsunami, the pillars of economic activity — tourism, fishing and agriculture — had been severely affected. Through tsunami-affected livelihoods restoration assistance, 82 per cent of damaged fishing vessels received aid related to boat repair and fishing gear and cash grants. Support has been provided to the agriculture sector in the form of relief assistance to 6,000 families, and women from 26 islands received cash grants and help in the replacement of tools for income generation.

30. The tsunami's drastic effect on the economy — gross domestic product (GDP) had contracted initially by 5 per cent — is now being mitigated, mainly by increased

revenue from tourism and reconstruction. Following intensive efforts by the Government, the tourism industry is fully recovered. The figures for April 2006 arrivals were the highest ever recorded. The overall number of tourist arrivals in 2006 was very close to pre-tsunami levels. The rebound in tourism and fisheries (the 2005 catch was the highest recorded) contributed to an extraordinary 18 per cent projected GDP growth in 2006. Growth is expected to stabilize at pre-tsunami levels of 7 per cent in 2007. Of the 10,660 people internally displaced, approximately 6,000 are in temporary shelters, with the remainder living with families. Permanent housing reconstruction has progressed. Nearly 6,000 houses were in need of repair and 3,000 in need of rebuilding. Of these, more than 1,100 houses on 83 islands had been repaired by the end of 2006, and repairs were under way on an additional 2,500; 158 houses had been rebuilt with another 1,161 under construction. Land acquisition and allocation, the tendering and selection of partners, and logistics and access to some islands have all presented challenges in respect of permanent housing construction. Nonetheless, the new permanent homes are a key example of the Government's effort to build back better.[1]

31. In the health sector, work has focused on reconstruction and replacement of physical infrastructure and equipment. Construction is under way on three atoll hospitals and one regional hospital; 6 of the 12 planned health centres have been completed and 4 are under way. A total of 30 health posts will be rehabilitated or reconstructed, of which 24 are complete. All health posts and centres are likely to be operational by the end of 2007.

32. By the end of 2006, 20 of the planned 87 permanent schools and 5 of 20 pre-schools had been upgraded or rebuilt. Efforts are also under way to improve the quality of education. Over 400 teachers have been trained in child-centred teaching/learning, and Internet access is planned for 24 teacher resource centres.

33. Damage to the fishing industry was relatively minimal, and recovery targets have been met. Efforts are now concentrating on long-term development, which includes the elaboration of appropriate industry regulations and guidelines, capital investment, technical support for diversification, and training for commercial fisherfolk. In the agriculture sector, over 6,000 farmers have benefited from close to $1.4 million in cash grants.

34. The National Disaster Management Centre, which was transformed into a permanent institution in December 2006, has developed a National Plan on Disaster Management. The Government is undertaking the Safe Islands Programme, which aims to relocate some island populations to seven islands that are considered safer or to create safe zones for isolated communities on distant islands. Policies are focusing on building a post-tsunami strategic environmental framework, and United Nations organizations have been working with the Government to put into practice the principle of building back better.

35. The main achievements of the Aid Coordination Project include (a) the establishment of the Development Assistance Database to track and monitor external resources; (b) an analysis of the aid coordination structures currently in place;

[1] The International Federation of Red Cross and Red Crescent Societies is publishing twice-yearly Federation-wide progress reports including both programmatic and financial data, as well as narrative accounts of the successes and challenges of the ongoing operation. The reports are available from www.ifrc.org/tsunami.

(c) recommendations to the Government's key coordination body, the Aid Management Coordination Committee; (d) establishment of a Maldives Partnership Forum, which has brought together the international and national communities to discuss development issues; (e) input provided to the development of the Seventh National Development Plan and the reviews of the financial needs for the National Recovery and Reconstruction Plan and; (f) expansion of the role of the Development Assistance Database as a tsunami recovery tool to include provision of data on all development assistance (loans and grants).

36. Although the recovery process is on track, several key challenges remain. Increasing the pace of housing construction remains a critical priority for 2007, which will require tackling logistic constraints, the small labour market, and escalating construction costs. Harbour reconstruction is another key challenge, including the need to secure funding to ensure construction on the 50 high-priority harbours requiring rehabilitation. Implementation of the Safe Islands Programme has been making only modest progress thus far, as the Government and communities face the complexities of relocating and consolidating communities on different atolls.

37. Finally, political reform has been a key goal in terms of building back better in Maldives. The Government launched a comprehensive process of governance reform in early 2005, which continues to face serious challenges. It will require a commitment to political compromise and political dialogue on the part of both the Government and the opposition, and will need close monitoring and engagement by friends of Maldives in 2007 and beyond.

Sri Lanka

38. The tsunami devastated over two thirds of Sri Lanka's coast and caused more than 35,000 fatalities. The financial needs of Sri Lanka were estimated at $2.15 billion. A total of $2.99 billion has been committed for reconstruction, of which $1.095 billion had been spent by the end of 2006.

39. Sri Lanka has embraced a different approach to housing reconstruction. The majority of those in need of new homes are receiving cash grants to rebuild their homes, with the remainder having their homes rebuilt by donors, the International Federation of Red Cross and Red Crescent Societies, non-governmental organizations, or others. In all, 114,069 houses need to be rebuilt or repaired. A total of 79,184 units (39,823 partially damaged units and 38,361 fully damaged units) are being rebuilt, which is approximately 59 per cent of the total. Roughly one third of the total housing requirement falls within the so-called buffer zone, which is the area close to the coast where home building is not allowed by the Government for safety reasons. People falling within the buffer zone qualify for the donor-built housing scheme, which gives them both land and a house built by an implementing agency. By the end of 2006, a total of 46,531 houses had been completed under this initiative, and 32,653 were in progress.

40. The tsunami caused some 150,000 people to lose their source of livelihood, half of whom had been in the fisheries sector, 45 per cent in the service sector (for example, trade and tourism) and 5 per cent in the agriculture sector. About 80 per cent of all affected people lost their main source of income and 90 per cent lost productive assets. Livelihood programmes have utilized cash grants, cash for work,

asset replacement, and access to capital through microfinance. In the fisheries sector, most fishermen are back to sea, and the fish catch now stands at 70 per cent of pre-tsunami levels in some areas. All damaged fishing boats have been repaired; 19,741 boats, representing 95 per cent of the total number destroyed, have been replaced, compared with only 21 per cent of the total number of multi-day boats destroyed. In the tourism sector, owners of 90 per cent of tsunami-affected hotels have repaired their property through a loan scheme supported by the Central Bank.

41. In the health sector, the main emphasis has been on reconstructing damaged health facilities. Although 102 health facilities were destroyed or damaged in the disaster, the Government has set a target for the rebuilding or repair of 243 health facilities, including some facilities that, although unaffected by the tsunami, are in need of general upgrading. By December 2006, 55 had been completed. As a direct result of the tsunami, 183 schools were destroyed or damaged, and an additional 444 schools were damaged from their use as welfare centres for internally displaced persons. Of the 183 schools, 18 had been completed, and 105 were under construction as of December 2006. The Government was able to secure funding to repair just over one half of the schools used to house internally displaced persons. Of these, 38 were complete at the end of 2006, with 152 in progress.

42. The Sri Lanka Disaster Management Act, enacted in May 2005, had established the National Council for Disaster Management as the main institution for disaster risk management. Further to the implementation of the Act, the road map for a safer Sri Lanka document, a 10-year blueprint for disaster management activities, was launched in early 2006. Communities have been educated regarding what to do when disasters strike and have taken part in emergency response drills, while community-based hazard maps are being produced and risk assessments are being carried out.

43. The most significant challenge to the recovery process is the ongoing civil conflict. Escalating violence over the past year has caused serious setbacks with respect to the reconstruction effort in the north and east of the country, although reconstruction continues largely apace in the south. The conflict has also impacted the livelihoods of around 2.5 million people and has hampered the economic recovery of tsunami-affected areas in the north and east.

44. Security concerns have created major operational obstacles across a range of sectors, making it difficult, and in some cases impossible, for international aid partners to move supplies, to and carry on work in, the north and east. In particular, restrictions on transportation of certain construction materials such as cement and steel, as well as difficulties in accessing certain tsunami-affected areas have hampered the recovery effort in these areas. In terms of the donor-driven programme, there is a continuing requirement that appropriate land on which to build new houses be identified, and efforts to fulfil the need for accurate and complete beneficiary lists continue to cause delays and, in some instances, have led to inequities in distribution of houses. One hundred and thirty-five communities serving as Community development council were officially registered as legal entities by the Government. This community-based approach is well established and is currently being replicated and adopted in conflict-affected areas, as a building block in the promotion of peace and reconciliation processes.

45. In the health sector, challenges include the need to break ground on large-scale construction projects, build capacity of health-care workers and communities, and

improve coordination mechanisms at the local level. In terms of education, progress and programme monitoring have significantly slowed in the north and east owing to the security situation, and funding gaps remain. While progress has been made in rebuilding large-scale infrastructure such as roads, bridges, railways, ports and harbours, and electricity and water supply, challenges persist, including difficulties in procurement and logistics, increasing costs of construction materials, a lack of sufficiently skilled contractors, and problems of coordination. In addition, restrictions imposed on the movement of civilian, United Nations and NGO vehicles in some parts of the north led to a shortage of drugs in local hospitals and clinics.

46. It will be important to maintain momentum in the area of disaster risk reduction, particularly in terms of ensuring that the projects envisaged over a 10-year period in the road map document are adequately funded and implemented. There is a need to focus on building the capacity for national-level agencies and other managers, to mainstream disaster risk reduction efforts into the work of all relevant ministries and line departments, and to strengthen the mechanisms for coordination among all the actors working in this sector.

47. In the fishing sector, there is continued concern regarding the oversupply of small day boats, which is causing labour shortages and harbour capacity problems, as well as the need for multi-day boats, which typically catch about one third of the total fish supply. The replacement and repair of these vessels have been underfunded thus far. On the tourism front, the fact that tourist arrivals continue to be low has had a greater impact on small-scale operators, who are facing serious financial difficulties. The difficulties faced by the tourism sector have been greatly exacerbated by the upsurge in the conflict, which has led to a significant decrease in tourist numbers from mid-2006. In the north and east especially, there is continued demand for cash grants and cash-for-work programmes.

48. United Nations organizations are assisting with the mainstreaming of risk reduction into local level development planning through the development of a risk profile, that is to say, a hazard map of the country identifying areas vulnerable to threats such as tsunami, landslides, flooding, cyclones and drought, which should be taken into consideration when planning development interventions. National capacities are enhanced in this sector through assistance to the Disaster Management Centre, the establishment of an Emergency Operations Centre and the creation of end-to-end early warning systems in selected vulnerable areas. In terms of assistance to policy development, United Nations organizations have played a pivotal role in supporting the deliberations of the Parliamentary Select Committee on Natural Disasters and the subsequent development and adoption of a Disaster Management Act.

49. A large proportion of the livelihoods and housing projects were conducted through community-based organizations. To build up capacities of these institutions for future development, the Strong Places project assisted over 700 community-based organizations in developing their skills and organizational structures in order that they might play a more equal role in the development process in their areas, a legacy that would last beyond the tsunami recovery process.

Thailand

50. Hundreds of thousands of people were affected by the tsunami in Thailand. Over 8,200 people were killed, 400 fishing villages along the Andaman coast were seriously hit, and tens of thousands of people in the fisheries and tourism sectors lost their means of livelihood. The tsunami also seriously affected the environment, with marine and coastal national parks severely damaged, coral reefs destroyed, and agricultural land affected by saltwater intrusion.

51. A total of 4,806 houses had been destroyed or damaged. Owners of 4,110 of these requested support from the Government, which will rebuild 3,558 houses and provide cash support for repairs for 522 others. As of July 2006, 2,983 houses had been finished, and 575 were under construction.

52. There has also been significant progress in other areas. The Government's intensive weighing programme has contributed to the 5 to 6 per cent reduction in the rate of malnutrition among children in the six tsunami-affected provinces. Five schools were destroyed, with an additional 19 suffering damage; of these, all but one had been replaced or repaired at the two-year mark, with the remaining school under construction. Efforts in the education sector have also aimed to improve the quality of facilities for marginalized groups. Through a new initiative, safe drinking water and toilets are being brought to schools in the poorest ethnic minority and migrant communities of Krabi, Satun and Trang provinces. A total of 48 health facilities were destroyed or damaged and 40 have been repaired or rebuilt. In the fishing industry, 4,480 new fishing boats have been delivered.

53. The Government has also focused on resolving land disputes, which are mainly related to loss of land by communities that did not retain formal ownership of land that they had lived on for many generations. As of November 2006, over 60 of about 100 major land disputes submitted by tsunami-affected communities had been resolved by the Government Subcommittee on Resolving Tsunami-related Land Rights Issues.

54. The Government is working to strengthen disaster preparedness at the local level and to develop a national tsunami early warning system. To date, 425 provincial and local government officers have been trained in basic emergency response, crisis management, and damage/needs assessment. The Community-based Disaster Risk Management and Preparedness programme, which is enhancing capacity in disaster risk reduction and planning and preparedness as well as establishing risk maps, community shelters, community emergency response committees, search and rescue teams, and community and household risk reduction plans, has been initiated in six pilot communities.

55. Many of the challenges that Thailand will face in going forward with tsunami recovery are long-term systemic ones for which the Government has put in place new strategies and policies. Vulnerable groups remain a matter of particular concern, especially sea gypsy fishing communities that were especially hard hit by the tsunami. Accumulated debts combined with rising oil prices (which affect boat operators) will continue to affect their recovery. It will be important to continue efforts to safeguard the land rights of these groups.

56. The continued engagement of local government in the ongoing recovery effort will be critical, as local government institutions are better placed to orchestrate the

type of community participation required to ensure that outcomes are truly anchored in the needs of the affected households.

57. In June 2006, the United Nations Development Programme (UNDP) in conjunction with The Coca-Cola Company and the United Nations Foundation launched the "Working with Communities to Meet Water and Sanitation Needs Sustainably" project, with four villages selected for water resource development implementation. UNDP also assisted in the mobilization of funds from the Global Environment Facility (GEF) and the South-South programme for a coastal forest management project and a community-managed boat repair shop. In addition to carrying out its relief and development efforts, the project also facilitated the resolution of land dispute problems through human rights intervention.

Malaysia, Myanmar, Seychelles, Somalia and the United Republic of Tanzania

58. The tsunami was extraordinary in both the intensity of its devastation and its wide geographical reach, with waves impacting land and people 4,000 miles from the earthquake's epicentre. Apart from the five worst-affected countries, Malaysia, Myanmar, Seychelles, Somalia and the United Republic of Tanzania also experienced varying degrees of destruction.

59. The tsunami was the worst disaster in Malaysia's history, claiming 69 lives and destroying or damaging the houses of 8,000 people, many of whom lived in poor fishing communities. In Myanmar, the official death toll was 61, with 200 villages and 10,000-12,000 people directly or indirectly affected along the southern coast. The tsunami damaged housing and infrastructure in Seychelles, where 2 people were killed and 950 families were displaced. In Somalia, the tsunami struck just as the drought was coming to an end and livelihoods were beginning to recover from flash floods, freezing rain and environmental degradation. A total of 289 people were killed and 44,000 people required emergency humanitarian assistance. In the United Republic of Tanzania, the tsunami claimed 12 lives.

60. In Somalia, construction of schools has resulted in the highest enrolments in the past 15 years. In Malaysia, best practices from HIV/AIDS interventions in tsunami-affected areas, such as harm reduction and prevention of mother-to-child transmission have contributed to the National Strategic Plan on HIV/AIDS. In Myanmar, more than 60,000 families received insecticide treated bed nets to prevent malaria.

III. Status of implementation of recommendations from the 2006 report of the Secretary-General

A. Coordination in the humanitarian and recovery phases

Dedicated field-based recovery management structures

61. Sri Lanka already had a network of field offices in 8 districts (12 at the height of the tsunami recovery process), which proved to be an invaluable mechanism in the immediate aftermath of the tsunami and the reconstruction effort thereafter.

Coordination mechanisms mirroring the composition of the self-assessment tool for natural disaster response preparedness of the country teams, with the inclusion of the International Federation of Red Cross and Red Crescent Societies and NGOs, were established in the conflict-affected districts in the north and east. Devolution of decision-making power to the field offices helped ensure the rapid provision of needs assessments and the rapid development of project proposals for the recovery effort.

62. In Indonesia, through consultation with the Rehabilitation and Reconstruction Agency for Aceh and Nias and local governments, the Office of the United Nations Recovery Coordinator for Aceh and Nias has initiated a pilot district-level coordination mechanism. As the main coordination forum for the joint secretariat, the transitional joint planning and monitoring body at the district level is being rolled out across Aceh and Nias as part of the regionalization strategy of the Agency. The forum offers a structured mechanism through which to ensure a participatory approach in developing, coordinating, executing and monitoring district recovery and development plans with the involvement of representatives of civil society (women, youth, business, associations, former-combatants associations, and traditional leaders), international organizations, local government, the kecamatan development programme, the Agency's regional office, etc. The Governor launched the first pilot recovery forum in Aceh Timur on 14 March 2007. Preparations are under way for similar launches in other districts.

63. At the sub-district level, field offices of the Office of the United Nations Recovery Coordinator for Aceh and Nias continued to roll out and provide support to the kecamatan coordination and implementation mechanism in their areas of responsibilities. The Office is in turn strengthening its support to sub-districts where the recovery processes have been particularly slow and the local government capacity has been weak. The Office's Information and Analysis Section will continue to support the standardization of the collection of data on needs and activities, which would inform priority setting and monitoring at the district level through the aforementioned coordination forum.

64. To enhance coordination and better manage challenges and opportunities across thematic and geographical areas, the Office of the United Nations Recovery Coordinator for Aceh and Nias has led a scoping assessment directed towards providing a virtual knowledge management network of international and local recovery/governance professionals and decision makers. This network, an international United Nations best practice known as "Solution Exchange", will develop six virtual "communities of practice" supported by a coordination and research secretariat to ensure high-quality, timely and targeted prescriptions (solutions) in all phases of recovery and governance planning, programming and implementation.

65. To facilitate the recovery process, in particular in the areas of shelter and community infrastructure, community-driven approaches were restituted to ensure that the skills and investments remained in the communities and strengthened donorship and solidarity. Training local communities and local government officials who would be enabling this process was also essential.

B. Different models of government humanitarian and recovery institutions

1. Continued reform of recovery institutions

66. At the end of March 2007, the Parliament of the Government of Indonesia passed a long-awaited disaster management bill. Under the provisions of the new Law on Disaster Management, Indonesia will establish a National Disaster Management Agency to provide leadership in comprehensive disaster risk reduction, including emergency response, through both routine sectoral programmes and specially earmarked funds in national, provincial and district budgets. The Law is based on the premise that protection from disaster hazards is among the basic rights of the population, and confirms the role of Government as the duty-bearer in ensuring such protection. The provisions also highlight the need for integration of disaster risk reduction into national development programming, and the allocation of sufficient funds for that purpose. Furthermore, when a state of disaster is declared, the Agency will exercise special authority in leading and coordinating the response, including undertaking early recovery, leading to rehabilitation and reconstruction, as also provided for in the new Law. The head of the new Agency will have cabinet rank.

67. As a part of its comprehensive assistance to national disaster risk management efforts, Sri Lanka continues to provide technical support and capacity development to the Disaster Management Centre, the newly created lead agency for all disaster risk reduction efforts in the country, so as to enhance its coordination capabilities and improve its ability to conduct planned activities in this sector.

2. Assessing damages and needs

68. Partners of the Tsunami Recovery Impact Assessment and Monitoring System have made some key recommendations that should be taken into consideration by those proposing reform in needs assessment processes, including the following:

- Coordination between various line ministries and data-collection agencies is vital, as some data, although readily available, are not routinely shared; United Nations and other stakeholders need to support coordination between and within these ministries and agencies.
- For information to be useful, disaggregation of data should be carried out down to the smallest possible denominator, namely, the sub-district or village level, depending on the type of data being collected; and data collection should include non-affected populations in order to monitor inequities that could be created or exacerbated by the disaster response. Such an approach would provide decision makers with a more coherent evidence base so as to help prevent responders from "doing harm" through the application of overly stringent targeting policies and practices.
- It is important that both absolute numbers and percentages be included in the data-collection process in order that the extent of the destruction, and the scope of the losses, as well as the resilience of the community, may be captured.
- The fact that good decision-making and good programming are based on good information requires that data be analysed and transformed into a useful

product for decision makers. To date, the myriad systems set up during the tsunami response have not consistently provided decision makers with good information.

C. Transparency and accountability to donors, including financial tracking and reporting, monitoring and evaluation, and measuring progress

69. The report of the Secretary-General for 2006 (A/61/87-E/2006/77) had noted that several tools had been developed to increase the transparency and accountability of the myriad actors involved in the tsunami response. Important progress was made in 2006 in the development and implementation of several of those tools, notably the Development Assistance Databases, the Tsunami Recovery Impact Assessment and Monitoring System and the Tsunami Evaluation Coalition.

70. The Secretary-General's recommendation that all local and international organizations provide comprehensive information to the Development Assistance Database systems (see A/61/87-E/2006/77, para. 69) has been acted upon. The four national Development Assistance Databases established to track recovery and reconstruction assistance have been updated regularly and provide project-by-project data on over $7 billion in assistance and on more than 2,500 individual projects. Members of the public, Governments, donors and all interested parties have open access to the Databases themselves, and the pre-prepared reports that have also been posted on country websites for Sri Lanka and Thailand provide new standards of accountability and transparency. The Databases have been shared with and drawn upon by the International Organization of Supreme Audit Institutions in its review of tsunami assistance.

71. A major thrust of United Nations technical support for the Development Assistance Database has been towards building the capacity of the Government agencies that manage the databases to maintain and update the systems locally in order to ensure the sustainability of the tool for the longer term. A second component has entailed adapting the systems so as to enable them to respond to broader and longer-term accountability and transparency goals that go beyond those related to the tsunami. Thus, in Sri Lanka, the Development Assistance Database has been adapted so as to track projects addressing the conflict as well as tsunami-related assistance, while in Maldives the system has been evolving towards tracking the overall national budget, including domestic resources used in preparing the public sector investment programme.

72. In order to ensure that the Development Assistance Database supports better decision-making through its planning and monitoring functions, as well as transparency and accountability objectives, island, provincial and district reports have been prepared and disseminated to actors at the local levels. Information from the Development Assistance Database has also fed into the Tsunami Recovery Impact Assessment and Monitoring System, providing financial data and project output and results data to complement the overall indicators of physical and developmental progress. In Indonesia, the Development Assistance Database has been integrated into the Rehabilitation and Reconstruction Agency's Recovery Aceh-Nias (RAN) database as a monitoring and planning tool.

73. The Tsunami Recovery Impact Assessment and Monitoring System is a common analytical framework designed to assist Governments, aid agencies and affected populations in assessing and monitoring the rate and direction of tsunami recovery. It has four main components, namely: (a) outcome and impact indicators collected largely through existing Government surveys; (b) core and country-specific monitoring indicators collected largely through routine information systems; (c) various methods devised to measure perspectives of affected populations; and (d) additional qualitative and other methods that allow for the triangulation that is helpful in analysing and interpreting quantitative findings. It is significant that that the Tsunami Recovery Impact Assessment and Monitoring System framework is beginning to address considerable gaps in the analytical approaches of the United Nations and other actors involved in recovery. Analysis conducted in Sri Lanka, Indonesia and Maldives has demonstrated how existing data can be mapped against current needs assessments and disaggregated to a subdistrict, island or village level so as to reveal significant progress, and occasional over-commitments, as well as large gaps in recovery work.

74. The Tsunami Evaluation Coalition produced five thematic evaluations and two synthesis reports in 2006. Four main findings and over 200 sub-recommendations were noted in the initial synthesis report. Coalition members continue to disseminate findings to various actors and, more importantly, are beginning to benchmark utilization of the recommendations. This work is expected to continue well into 2007 and 2008 with milestone events planned at which agencies, international, bilateral and non-governmental organizations and others will discuss their approach in adopting the Coalition's recommendations, many of which are noted throughout this report.

1. Support for the Development Assistance Database

75. All local and international organizations should support the efforts of the responsible Government authorities to assume full responsibility for the management and sustainability of the Development Assistance Databases, including their continued adaptation for accountability and transparency-related uses in areas extending beyond the tsunami and increased integration with local government structures and civil society actors. Sri Lanka was successful in mobilizing further donor funding locally (from the Government of Norway) for the Development Assistance Database. This will ensure continuity in monitoring financial commitments and disbursements as well as offer the possibility of further expanding the scope of the Database to include its utilization in output tracking at the disaggregated level (for example) and as a local-level planning tool.

2. Support for the Tsunami Recovery Impact Assessment and Monitoring System

76. The Office of the United Nations Recovery Coordinator for Aceh and Nias Information and Analysis Section, working together with the Rehabilitation and Reconstruction Agency and the provincial government, prepared a Tsunami Recovery Indicator Package report, which was presented by the Agency at the Tsunami Recovery Impact Assessment and Monitoring System workshop held in Bangkok from 21 to 23 March 2007. Prior to this, the stakeholders had met in a national workshop organized by the Information and Analysis Section to develop a draft Indonesia action plan for implementation of the benchmarks envisaged by the System.

77. The Government of Sri Lanka requested UNDP to lead the qualitative assessment segment of the Tsunami Recovery Impact Assessment and Monitoring System initiative at a May 2006 workshop held in Bangkok. UNDP has begun work on conducting beneficiary perception surveys (through a semi-structured questionnaire) in five affected districts. UNDP, together with the University of Colombo, is also building on its highly successful Peoples Consultations on Tsunami Recovery project undertaken in 2005 to conduct focus group discussions with beneficiary communities across six affected districts, as part of the Tsunami Recovery Impact Assessment and Monitoring System effort. It is hoped that these two components will provide a comprehensive set of qualitative data on beneficiary perspectives on the recovery process. Additionally, the United Nations Children's Fund (UNICEF) and the World Health Organization (WHO) are supporting key staff of the United Nations Resident Coordinator in respect of the undertaking of district and subdistrict analyses in the health, education and livelihood sectors, further demonstrating the potential power of the Tsunami Recovery Impact Assessment and Monitoring System framework as a planning tool.

78. The Government of Maldives through the Ministry of Planning and National Development has led the implementation of the Tsunami Recovery Impact Assessment and Monitoring System with ongoing support from UNDP, WHO and the International Federation of Red Cross and Red Crescent Societies. In order to continue the progress and build the capacity of the Government in a sustainable manner, the Ministry has developed three extensive proposals for which it is seeking support.

79. In overall terms, significant progress has been made in further developing and piloting the Tsunami Recovery Impact Assessment and Monitoring System framework. Participating countries added risk reduction indicators to the framework in April 2007 and updated other indicators reflecting important changes in the recovery situation in most countries. At least two countries are making efforts to link the System framework with the United Nations Development Assistance Framework to allow for a smoother transition in respect of the monitoring and evaluation systems supported by various stakeholders and, more importantly, to encourage the United Nations Development Assistance Framework process to empower local decision makers by supporting disaggregation of data and analysis to the lowest level possible. A few countries are working with UNICEF, UNDP and others to apply this approach to the Millennium Development Goals.

3. Making information on accountability available to civil society

80. Transparency and accountability have been seen as central to the tsunami recovery programmes and several initiatives were implemented to address these issues. An AID/WATCH initiative was piloted, which empowered the beneficiaries themselves to monitor the implementation of tsunami recovery projects such as the Galle housing scheme.

D. Risk reduction, tsunami early warning, and incorporation of prevention in development planning

81. Since the tsunami, many activities in evaluating and strengthening the tsunami early warning systems have focused principally on establishing the system's

governance structure, its technical implementation, and public awareness and preparedness, along with training, technical advice and related activities.

82. Several targeted training activities involving more than 150 national officials and researchers have taken place in the Indian Ocean countries and are continuing. Much-needed public awareness and educational materials translated into the many different languages of the region have also been produced. A series of milestones have been provided to measure progress in establishing official Tsunami Warning Focal Points, enhancing detection networks and communications, and defining comprehensive national plans for each country participating in the process.

83. Today, the Indian Ocean Tsunami Early Warning System includes seismological and oceanic observation networks, regional analysis and advisory centres, and national tsunami warning centres linked to national risk assessment and preparedness activities. Twenty-five nations (out of a possible 28) have established official Tsunami Warning Focal Points capable of receiving and disseminating tsunami advisories around the clock. The Intergovernmental Coordination Group for the Indian Ocean Tsunami Warning and Mitigation System, coordinated by the Intergovernmental Oceanographic Commission of the United Nations Educational, Scientific and Cultural Organization offers an excellent example of cooperation between Member States, United Nations organizations and donors. It has taken decisions on the underlying technologies to be employed, and the mechanisms for regional governance, funding, cooperation and communications.

84. As of March 2006, of the 28 countries participating in the Indian Ocean warning system, 20 lacked national plans for a tsunami early warning and response system. As of 18 May 2007, 11 Indian Ocean countries had submitted national action plans to overcome this gap in developing national capacity. A consortium of seven International Strategy for Disaster Reduction system partners offers advisory and implementation support to Governments that have fallen behind in developing national capacity.

85. Under the coordination of the secretariat of the International Strategy for Disaster Reduction, a major achievement has been the establishment of partnership and coordination mechanisms across a wide spectrum of partners and donors, providing an example of an integrated apparatus for the support of the implementation of the Hyogo Framework for Action 2005-2015: Building the Resilience of Nations and Communities to Disasters.[2] The future of the Hyogo Framework for Action depends on the availability of funding and the continued commitments of Governments. It is the responsibility of national Governments and funding agencies to come forward. At the national level, countries are working to establish clearer responsibilities so as to ensure that early warning systems are people-centred. However, the critical elements of community preparedness, community education, and outreach programmes are generally not yet in place in most countries. Only a few countries have developed tsunami emergency plans or tested response procedures for tsunami and earthquakes. Moreover, much of the data needed to develop these plans have yet to be collected. Nevertheless, there is a much greater awareness among all policymakers of the importance of these disaster reduction and environmental issues.

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[2] A/CONF.206/6 and Corr.1, chap. I, resolution 2.

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Strengthening efforts at all levels to promote pro-poor sustained economic growth, including through equitable macroeconomic policies

Report of the Secretary-General

Summary

In its decision 2007/206 of 2 March 2007, the Economic and Social Council decided that the thematic discussion of its high-level segment would be on the theme "Strengthening efforts at all levels to promote pro-poor sustained economic growth, including through equitable macroeconomic policies". The present report is in response to the decision and includes both conceptual and policy issues related to the theme.

Historical evidence is strong that sustained economic growth is an important factor in reducing poverty. The linkage between growth and poverty reduction is, however, complex. The report examines different approaches to the concept of "pro-poor growth". It proposes that the objective of policy should be to promote broad-based growth that will contribute to the achievement of the internationally agreed development goals, including the Millennium Development Goals.

The experiences in sustained economic growth and poverty reduction have varied considerably among countries. In most of the rapidly growing economies, inequalities have also increased. At the national level the basic case for a broad-based approach for macroeconomic policies is for it to become the principal instrument for promoting pro-poor sustained economic growth.

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Globalization, spurred by the growing interdependence in the areas of finance, trade and technology, requires that international policies should be geared towards supporting national efforts to promote inclusive pro-poor growth. For many economies the impact of forces outside their direct control calls for special efforts in creating an international environment supportive of national efforts. The present report highlights a need for international and regional coordination of macroeconomic policies in order to create more stable conditions for growth.

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I. Introduction

1. In the 2005 World Summit Outcome (General Assembly resolution 60/1), Heads of State and Government reaffirmed their commitment to eradicate poverty and promote sustained economic growth. Sustained economic growth is an important factor in reducing poverty, but the linkage between economic growth and poverty reduction is complex. For this reason, the term "pro-poor growth" has been introduced in different contexts in an effort to focus attention on achieving economic growth that is accompanied by a reduction in poverty. The present report identifies different schools of thought regarding the concept as well as the varied national development strategies, policies and approaches to realize the objectives of inclusive pro-poor growth.

2. Experiences of economic growth among countries since the second oil shock in 1979 and the sudden increase in world interest rates around 1980 have varied considerably. Drawing on these experiences, the report makes the case for a broad-based approach with macroeconomic policies as the principal framework at the national level for achieving pro-poor growth. The report considers a range of policies that could be applied in order to ensure that growth will be accompanied by a reduction in poverty.

3. With increased global economic and financial integration and interdependence, external conditions have a direct bearing on the effectiveness and policy space available for the design of each country's national development strategies. To this end, the report highlights the need for international and regional coordination of macroeconomic policies in order to create more stable conditions for growth.

II. Concept of pro-poor sustained economic growth

4. Broadly speaking, the term "pro-poor growth" has two broad definitions. The first and more straightforward definition focuses on the link between economic growth and the absolute level of poverty, defining growth as pro-poor if it reduces poverty. "Poverty" here could be any agreed measure but, as a matter of expediency, the term most commonly refers to income poverty. The second definition of pro-poor growth is based on the relative concept of inequality and defines pro-poor growth as growth that reduces the (relative) gap between the rich and the poor. According to this definition, growth is considered pro-poor if the percentage increase in the income of the poor is, on average, more than that of the non-poor.

5. Both definitions have their limitations. The first does not address the issue of inequality so that growth can be called "pro-poor" as long as it raises the incomes of the poorest, even if it increases inequality. In an extreme case, for example, growth would be called "pro-poor" as long as the poor gain, even minuscule increases, despite others gaining far more. In contrast, under the second definition, high growth, which has reduced absolute poverty substantially, may be considered less "pro-poor" than slower growth where the benefits reaped by the poor are greater than for the non-poor.

6. Against these definitions, a third definition focuses on absolute changes in income and requires that the poor should have a larger share of additional income generated by growth in absolute terms. In this case, there would be a greater absolute increase in the per capita income of the poor.

7. These debates on definitions should not, however, detract from efforts to achieve sustained economic growth. A starting point is not the definition, but each country's situation, the objectives that each Government tries to pursue, and the policies to achieve those objectives. If one of the main objectives of a Government is to achieve target 1 of the first Millennium Development Goal, namely, to halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day, the first definition may suffice. However, Governments are likely to address other internationally agreed development goals in their national development strategies. Each government's national development strategy will therefore define the "pro-poorness" of its policies. The pro-poorness of the outcome can then be considered against the goals of the initial strategy as well as the other yardsticks implied by the definitions.

8. It may be useful to have a commonly shared understanding of the concept of "pro-poor growth" so that assessment and measurement can be conducted in a consistent manner and the consideration of effective policy options for such growth can be more focused. Different outcomes in terms of reducing poverty are not only the result of different patterns of growth per se, but also the consequence of differences in policies and approaches.

9. The objective of the United Nations is not only to eradicate poverty, but to achieve the internationally agreed development goals as a whole and to promote sustained economic growth that will support this broad objective. Therefore, for the international community, the desirable form of growth could be termed "pro-poor" growth or broad-based growth that will contribute to the achievement of the internationally agreed development goals, including the Millennium Development Goals.

III. Policies to promote pro-poor sustained economic growth

10. Success in achieving sustained economic growth and poverty reduction has varied considerably among countries. In general, stable economic growth over a long period of time has proven to be beneficial for the poor. However, the impact of growth on poverty depends on socio-economic conditions, including the initial extent of income inequality. At the same average income level, the more unequal a society, the higher the growth rate required to reduce absolute poverty, particularly in the absence of progressive redistribution policies. Hence, regardless of whether economic inequality is a policy concern in its own right, it has a direct bearing on efforts to reduce poverty.

11. Recent experience suggests that despite growth there has been an increase in inequality. For example, economic growth in sub-Saharan Africa has improved since the mid-1990s but the incidence of extreme income poverty in the region has remained at around 44 per cent owing to rapid population growth, high and growing inequality and limited job creation. During the 1990s, the average country Gini coefficient in sub-Saharan Africa was 47.1, compared to 35.6 in Asia.

12. Even in Asia, where many countries are experiencing rapid growth, increasing inequality is a growing concern. In addition to income inequalities, there are growing social inequalities, involving unequal access to health and education, compounded in many countries by reduced government provision as well as gender, ethnic and cultural biases.

13. Latin America emerged from the 1980s with a per capita income 10 per cent lower than at the start of the decade and with 47 per cent more people living in poverty. For Latin America, the first part of the 1990s was a relatively favourable period with improved economic growth and a decline in inflation. With increased public expenditure on health and education, poverty declined. However, while most countries saw some reduction in poverty in the 1990s, inequality increased in most cases.

14. Eastern and Central Europe, on the other hand, have seen more growth since 2002. After a "lost decade" in the 1990s, growth has generally been broad-based and has contributed to poverty reduction through a number of channels, including employment generation, tax revenue creation and wage growth.

15. The linkages between poverty and socio-economic factors, including economic growth, are multifaceted. Cross-country studies reaffirm that growth is fundamental for sustained poverty reduction, but that growth itself does not seem to reduce inequality. Obviously, growth accompanied by progressive distributional change is better than growth alone for poverty reduction. High initial inequality seems to affect negatively the rate and sustainability of growth and its effectiveness in reducing poverty in the future. The review also indicates that education, infrastructure and macroeconomic stability seem to have a favourable effect on both growth and the distribution of income. The effects of policy reforms are not so evident: similar reforms may have different impacts in different countries, depending on country-specific circumstances. Gender inequality also has an impact on pro-poor growth: inequalities in education and employment negatively affect both growth and its impact in reducing poverty, while inequality in access to productive assets and resources limits pro-poor growth. The role of employment in pro-poor growth is also critical, as the incomes of poor people largely depend on the nature and extent of employment that economic growth generates.

16. There is thus a need for careful analysis of a country's specific circumstances before embarking on any major policy initiatives, making it inappropriate for the present report to prescribe what might constitute an effective policy-mix. The remainder of the report therefore focuses on a broad framework that developing countries can consider and on some policy approaches that have succeeded in bringing about "pro-poor growth".[1]

A. National level

1. Establishing a national development strategy

17. A well-defined national development strategy can contribute to the success of a country's efforts to eradicate poverty. At the 2005 World Summit, Heads of State and Government agreed to adopt, by 2006, and implement comprehensive national development strategies. To ensure that they reflect the concerns of all sections of society, such strategies should be developed through multi-stakeholder consultations. They should serve as the overarching long-term framework to

[1] For a consideration of the broader effort to eradicate poverty and hunger and achieve the internationally agreed development goals, see the report of the Secretary-General entitled "Strengthening efforts to eradicate poverty and hunger, including through the global partnership for development", to be submitted to the Economic and Social Council at its current session.

integrate all short-, medium- and long-term development policies, including macroeconomic policies, education and human development policies, health policies, other social policies and environmental policies, as well as the development of basic infrastructure, including power, transportation, water and sanitation. Full consideration should be given to the gender dimension and impacts of all these policies.

2. A broader approach to macroeconomic policies

18. There is general agreement that sustained economic growth is beneficial for the poor. It is also broadly accepted that a stable macroeconomic environment is conducive to long-term economic growth and hence to reducing poverty. The converse also applies: macroeconomic disequilibrium that manifests itself in high inflation or a balance-of-payments crisis usually has a disproportionately negative impact on the poor, largely because of their lack of resources to weather such disruptions.

19. Policies focused on creating and maintaining a stable macroeconomic environment should therefore form an essential part of any framework to reduce poverty through sustained economic growth. At the same time, some of these policies, despite their best intentions, could adversely affect the poor relatively more than the rest of the population owing either to their design or the way they are implemented. For example, while price stability may be favourable for the poor, oversimplistic or overzealous use of monetary policy to achieve price stability could adversely affect the poor by raising interest rates and reducing their access to finance. Similarly, restrictive fiscal policies could reduce social welfare expenditures. In considering macroeconomic policy options, the short-term impact on the poor should always be addressed. "Equitable macroeconomic policies" refer to macroeconomic policies whose impacts are favourable for all segments of society. Such policies take full account of distributional impacts and incorporate equity considerations.[2]

20. Since the experience of macroeconomic instability in many developing countries in the early 1980s, the Bretton Woods institutions have been promoting policies that have come to be referred to as the Washington Consensus. These so-called "adjustment programmes" generally consisted of stabilization programmes supported by the International Monetary Fund (IMF) and structural adjustment programmes supported by the World Bank. The World Bank launched structural adjustment loans in 1980 and IMF expanded the number and types of adjustment loans during the 1980s. Those IMF loans, which often served as a prerequisite for World Bank adjustment loans, stressed macroeconomic stabilization, in particular fiscal adjustment and inflation stabilization, as well as exchange rate devaluation. In the 1990s, increased attention was given to poverty reduction and support for sustained social and structural policy programmes, and capacity- and institution-building were started. However, the narrow focus on price stabilization continued, while inflation was no longer a problem. Owing to this narrow focus, broader objectives of development encompassing human development and other social goals were not given sufficient attention. These programmes also ignored fundamental

[2] See "Macroeconomic and growth policies: background note" (http://esa.un.org/techcoop/policynotes.asp).

objectives, such as employment generation, which are at the heart of efforts to eradicate poverty.

21. The experiences of the past two decades have led to a broader view of macroeconomic stability, leading to adoption of a broad-based approach to macroeconomic policies. The Monterrey Consensus[3] called for sound macroeconomic policies aimed at sustaining high rates of economic growth, full employment, poverty eradication, price stability and sustainable fiscal and external balances so that the benefits of growth reach all people, especially the poor. These objectives require the re-establishment of a long-term, broad-based development approach. Such an approach needs to be growth centred, to place full employment as the ultimate objective and to integrate short-term, counter-cyclical fiscal and monetary measures with long-term development policies. Under such a framework, macroeconomic policy should be developed in a coordinated manner, so that fiscal, monetary, exchange rate and capital management policies are consistent with growth objectives and public investment strategies.

22. The impact on growth will further depend on the interlinkages between macroeconomic policies and policies regarding the productive sectors and trade. With such a broad view of macroeconomic stability and its attendant multiple dimensions, the design of the macroeconomic framework has to address multiple objectives and consider numerous trade-offs, including the impact on the poor. To avoid adverse effects on the poor, an assessment of the possible impact of policy changes on poverty and other social variables should be carried out before, during and after implementation. The Poverty and Social Impact Analysis developed by the World Bank is an example of such analysis. Such assessments can enable social concerns to be addressed and integrated into policies and measures.

3. Creating space for counter-cyclical policies

23. Counter-cyclical policies have had a direct influence on long-run growth. There is a strong negative correlation between pro-cyclical fiscal behaviour and the rate of long-term growth. In addition, the costs of the adverse consequences of pro-cyclical policies for many developing countries are high. For example, in the upturns, imprudent fiscal spending could lead to inefficient resource allocation, contributing to the overheating of the economy. In the downturns, pro-cyclical policies, such as overtightening monetary policy and indiscriminate fiscal adjustments, could lead to substantial losses in many valuable social projects, weakening accumulation of infrastructure and human capital.

24. Structural adjustment loans were provided on condition that countries adopt restrictive macroeconomic stabilization programmes, with the current account and fiscal adjustments being carried out mainly by reducing expenditures. In many countries, these stabilization programmes tended to be contractionary and were exacerbated by a pro-cyclical pattern in government revenue (because of heavy dependence on primary commodities) and a pro-cyclical pattern of financial flows. Austerity policies are adopted during downturns matched by higher levels of expenditures during expansionary phases when financing becomes available again.

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[3] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

25. Fiscal policy since 1960 in Africa and Latin America has been highly pro-cyclical. In contrast, in the fast-growing economies in East Asia, fiscal policy has been either neutral to the business cycle or counter-cyclical. These regional differences are reflected in their respective growth outcomes: the pro-cyclical nature of macroeconomic policies in some developing countries has tended to exacerbate, rather than moderate, the adverse impact of downturns on long-run growth.

26. Fiscal policy can instead serve as a useful counter-cyclical device. However, in order to ensure sufficient policy space to conduct counter-cyclical fiscal policies, there is a need to exercise fiscal flexibility in a way that ensures both policy credibility and fiscal sustainability. Some developing countries, like Chile during the 1990s, managed to achieve fiscal targets independent of short-term fluctuations in economic growth. The adoption of this approach to counter-cyclical policy was one factor accounting for Chile's stronger growth performance in the region. Effectively managing such a system requires a prudent and consistent approach, as well as political support.

27. Fiscal stabilization funds can help smooth, over time, the revenues received from unstable tax sources, such as those based on exports of primary products. Some countries have used commodity stabilization funds to smooth the impact of volatile commodity prices on fiscal income. These include Chile's copper compensation fund, Colombia's coffee and oil stabilization funds and the cotton support fund of Burkina Faso. In addition, tax on capital inflows and temporary hikes of VAT rates during booms could be considered as counter-cyclical tax policies. Countries facing limitations on borrowing could also employ low-cost stimuli, such as a temporary sales tax cut and increase in unemployment benefits for low-income workers.[4] The institutional capacity to manage these instruments adequately is an important factor in their performance.

28. A certain degree of discretionary power should be retained by Governments. Since the 1980s, there has been a shift from discretionary macroeconomic policy arrangements to rule-based policies. In general, rule-based policies can function well under normal circumstances but, as the economic structure changes and when shocks occur, predetermined policy rules can become less relevant, or too rigid. Some rule-based regimes, such as inflation targeting, may bias macroeconomic stabilization towards a narrowly defined target, such as low inflation, and against broader development objectives, such as employment and growth.

29. In today's open economy, a competitive exchange rate is critical for achieving crucial development objectives, such as promoting growth and employment through the diversification of production and exports. Developing countries that are able to maintain a competitive real exchange rate have tended to fare better in terms of economic growth. An appropriate exchange-rate regime and policy for a specific country in a particular period depends on the broad macroeconomic policy framework of the country. Many countries have opted for an intermediate regime with some degree of targeting of the real exchange rate, such as managed floats or crawling pegs, combined with some capital account regulations and banking policy measures.

[4] See "Macroeconomic and growth policies" (http://esa.un.org/techcoop/policynotes.asp).

4. Pursuit of long-term and broad-based development objectives

30. Macroeconomic policies should be seen as part of a broader development strategy and should be fully integrated with other areas of economic and social policy necessary to promote pro-poor sustained economic growth. Social policies are also essential instruments in fostering employment and development, eradicating marginalization and overcoming conflict. Social policies should therefore form part of national development strategies to achieve growth and equitable social outcomes.[5]

31. In East Asian economies, this approach contributed to long-run growth with substantial poverty reduction. Fiscal policies in those economies have given priority to development spending, including not only investment in education, health and infrastructure, but also subsidies and credit guarantees for export industries. Monetary policy has been coordinated with financial sector and industrial policies. It has generally included subsidized credit schemes and managed interest rates, which directly influence investments and savings, while competitive exchange rates were considered essential to encourage exports and export diversification.

32. In contrast, macroeconomic policies in many Latin American and African countries since the 1980s have focused on much more narrowly defined short-term stabilization objectives and have often resulted in exchange-rate overvaluation. The narrow focus of stabilization policies tended to be pro-cyclical and did not generate a stable flow of resources for social spending.

(a) Public investment in infrastructure and human development

33. Public investment in infrastructure and human development plays an important role in long-term economic growth. Adequate infrastructure is needed to enable firms to raise their productivity. Countries need to build a critical mass of infrastructure by sustaining substantial levels of public investment over a period of time. Infrastructure projects can create jobs, particularly if conducted in a labour-intensive manner. The difference in infrastructure investment may be among the factors that have contributed to the differing growth experience between East Asian countries (with sustained public investment) and countries in Latin America and sub-Saharan Africa.

34. Countries with significant gaps in infrastructure and human development will have to increase the fiscal space for expenditures in these areas. There is therefore a need to mobilize large amounts of public resources to make the necessary investments in infrastructure and to provide social services. Strengthening the tax base is essential, particularly in countries with low government revenues. In addition, there is a need for public sector banks and the domestic bond market to provide low-cost, long-term financing in domestic currency. These financial intermediaries should also cater to the capital investment needs of the private sector. In general, development of financial institutions would not only help to promote investment, but would also encourage an increased propensity to save, leading to a more widespread expansion of flows of funds.

35. For spending on education and health, much could be achieved by improving efficiency — through better allocation of the relevant budgets, better targeting of

[5] See "Social policy" (http://esa.un.org/techcoop/policynotes.asp).

priority areas within the social sectors and realizing cost-efficiencies in public programmes. Improved financing schemes for infrastructure and addressing irregularities, such as corruption in contracting, could help to reduce costs. The resources required for such improvements, however, may be much higher than the efficiency gains.

36. For the low-income countries, domestic resource mobilization is likely to fall short of investment needs, and official development assistance (ODA) will have to play a crucial gap-filling role. However, with the fear of the adverse effects of currency appreciation and the perceived need to keep a high foreign exchange reserve level as a precautionary measure against potential financial crises, aid flows are not effectively used in many developing countries. It is important to ensure that ODA translates into higher public investment.

37. A further source of financing is public-private partnerships in the form of infrastructure funds. Regional development banks are promoting such public-private partnerships through institutions that facilitate exchange of information, enhance capacity-building and fund projects, such as the Infrastructure Consortium for Africa, the Asian Infrastructure Fund and the Infrastructure Fund in Latin America. There are also multi-donor initiatives, such as the Public Private Infrastructure Advisory Facility and the Private Infrastructure Development Group.

(b) Policies to empower the disadvantaged

38. Policies that explicitly promote economic and social inclusion, empowerment of the disadvantaged and social investment are required to ensure that growth is pro-poor. Attention to the gender dimension is particularly important. Gender-responsive budgeting that disaggregates expenditure and revenue according to their different impacts on women and men could serve as a useful tool in this regard. Besides cash transfers, other policies that should be considered include: land reforms, transfer of such assets as homestead land, employment schemes, microcredit schemes, pension reform and social security, and legislation to empower the disadvantaged, such as law reform and constitutional guarantees for basic health, education and increased public involvement.

(c) Increasing institutional capacity

39. Institutional capacity is key to effective policy formulation, delivery and implementation. Institutional capacity affects the ability of governments to ensure that the poor will benefit from growth and that public investments will effectively link the poor to growth. Democratic accountability and the existence of clearly established citizenship rights and obligations are among the institutions necessary for linking the poor to growth.

40. Institutional capacity covers a wide range of governance aspects, from making and enforcing rules and laws to public administrative and management capacity, including the provision of public goods and services. A wide range of skills is required to effectively pursue a broad-based macroeconomic approach, including effective macroeconomic management, strong government financial management, multi-year expenditure programmes, effective expenditure monitoring, strong tax administration, statistical capacity, and the ability to deliver public services effectively and efficiently. There is also a need to build institutions, such as the financial intermediaries and infrastructure funds.

41. Institutional capacity is also required for effective aid management and for managing global public goods, such as the fight against infectious diseases, including HIV/AIDS, and preserving the environment, including efforts on climate change. For example, the ability of developing countries to benefit from possible international incentives for the production of low-cost HIV drugs or vaccines, and to channel such supplies to the needy poor will depend on their institutional capacity in managing such situations.

B. International and regional levels

42. Growing interdependence in the areas of finance, trade and technology requires that international policies should be geared towards supporting the national efforts to promote pro-poor growth. There is also increasing evidence of the cross-country effects of national policies. The current global payments imbalances pose the risk of a potentially disorderly adjustment in the world economy.

43. Those circumstances call for international coordination of macroeconomic policies in order to improve the stability and efficiency of the global economy. In addition, as the financial crises have shown, existing international coordination mechanisms need to be made more effective.

44. The regional nature of recent financial crises and a globalization process including "open regionalism" have raised interest in regional cooperation. Regional cooperation could go some way towards filling the current lacunae in international coordination and could play a role in promoting regional stability, thereby contributing to growth.

1. International macroeconomic policy coordination

45. A number of financial crises in the past two decades have affected a large number of developing countries and have led to an increase in poverty, as people lost their jobs and incomes. These episodes of financial volatility, reinforced by the pro-cyclical nature of the macroeconomic stabilization policies, have disrupted efforts towards pro-poor sustained economic growth.

46. The volatility of capital flows has caused boom-bust capital account cycles in developing countries. Moreover, these cycles have often been contagious, affecting neighbouring countries even when their macroeconomic fundamentals were sound. There have been two such medium-term cycles: a boom in external financing in the 1970s, mostly in the form of syndicated bank loans, followed by a debt crisis in a large part of the developing world in the 1980s; and a boom in the 1990s, mainly of portfolio flows, followed by a sharp reduction in net flows after the Asian crisis of 1997.

47. Financial markets tended to view developing countries, particularly neighbouring countries, as similar and apply a similar risk premium to them all. Credit ratings tended to be pro-cyclical and caused financial flows to behave in a similarly pro-cyclical fashion. In addition, short-term capital is highly volatile, and reliance on such financing is risky, as evidenced in the Asian crisis. These series of events are beyond the purview of national policies and call for stronger international macroeconomic policy coordination and stronger surveillance by an authoritative body.

48. According to article IV of its Articles of Agreement, IMF has a mandate for ensuring that the international monetary system operates effectively and the policies of each member are conducive to orderly economic growth. IMF conducts "surveillance" through monitoring and consultation. The experience of the past 60 years, however, points to the need for improvement in this exercise. The Independent Evaluation Office of IMF has pointed out that the current multilateral surveillance process of IMF lacks a clear and comprehensive strategy, gives too little weight to the analysis of economic policy linkages, and has not sufficiently explored options to deal with global spillovers from national policies. It also observed the lack of effort in proactively engaging relevant intergovernmental groups.[6]

49. In response, IMF embarked on reshaping surveillance in the spring of 2006 by modernizing the framework and improving its implementation. To this end, IMF has initiated a series of proposed multilateral consultations. The first of these has involved five participants (China, the Euro area, Japan, Saudi Arabia and the United States of America) and has focused on global imbalances. These consultations aim to serve as a forum for discussion on an issue of collective concern. However, they need to be made more effective and should demonstrate their contribution to improved stability and balance in the world economy. IMF should assume greater responsibility for international macroeconomic policy coordination.

50. To enhance the legitimacy of multilateral institutions and better serve as a mediator, there is a general agreement that the governance structure of IMF should also be improved. As a first step, the States members of IMF agreed in 2006 that the quotas and votes for four heavily underrepresented countries — China, Mexico, the Republic of Korea and Turkey — should be increased. Work is now proceeding to the second stage, namely, the development of a new quota formula that can guide a second round of ad hoc quota increases to be finalized no later than the spring of 2008. Further work is also under way towards enhancing the voice and participation of low-income countries. This ad hoc approach, however, is viewed with scepticism by some since such an approach will be unlikely to bring sufficient change to the current skewed situation. The developed countries with only one sixth of the world's population have over 60 per cent of the total vote in IMF and the largest economy has veto power on matters requiring an 85 per cent majority. Despite the welcome effort in securing basic votes to ensure, as a minimum, the voting share of low-income countries, they only represent 2 per cent of total voting power, which fell from the original 11 per cent. Still, all seem to agree on the importance of securing adequate representation by all. It is hoped that the new quota formula will address the underrepresentation of developing countries, especially the rapidly growing ones.

51. Widening imbalances on the current account are a cause of concern, posing the threat of a disorderly adjustment. A gradual approach to managing the adjustment of these imbalances is preferable. In order to assure investors and avoid a large swing in financial flows, commitments by Governments for such a gradual adjustment must be credible. A multi-year schedule for adjustment would address such commitment problems. Similar schedules emanating from IMF consultations could be developed as the "multilateral letter of intent", which describes a sequence of

[6] Independent Evaluation Office of the IMF, *Evaluation summary: Multilateral surveillance*, 2006.

policy adjustments tied to a specific schedule. Such a multilateral letter of intent should be made public at the end of the multilateral round.

52. In the long run, only deeper and more far-reaching reforms of the global monetary and financial system as a whole will help to prevent a recurrence of the global imbalances of the current magnitude. The current situation is caused largely by overdependence on a single currency. In the long run, a new, supranational currency based on Special Drawing Rights should be considered but, as a more immediate solution, an officially backed multi-currency reserve system could be adopted.

53. Similar to the rules for the international trading system, a well-designed multilateral financial system should create equal conditions for all partners and avoid unfair competition. It should also bring more stability in the international financial system by avoiding the likelihood of major capital flight caused by overdependence on a single reserve currency.

54. The Group of Eight has addressed the stability of the world financial system and development issues. The Group has now developed into a more permanent coordination mechanism on wider issues ranging from foreign policy and international security to environmental and development policies. The five economically larger members of the Group made a major attempt in 1985, known as the Plaza Accord, to adjust the global imbalances existing at that time. Under that Accord, the Group agreed to devalue the United States dollar against the Japanese yen and the Deutsche mark through massive interventions in currency markets by their central banks.

55. Since then, however, the evolution of the world economy, with many emerging economies coming into play, has been such that, despite the Group's recommendations of caution at times of global imbalances, its influence in ensuring action to adjust such imbalances has become rather limited, especially in relation to the broader scope of the current problem. The Group could explore further possibilities for expanding cooperation, bringing more stability to world financial markets and strengthening international macroeconomic coordination towards that goal.

2. Regional macroeconomic policy coordination

56. There remains much room for improvement in international economic cooperation and, although work has started, it will take some time for the system to be able to work effectively. In the meantime, as past financial crises have shown, international mechanisms have not been effective and the affected countries have had to undergo major adjustments with tremendous costs, including disruption to their efforts to reduce poverty. Given the regional nature of these financial crises, there is renewed interest in the potential role of regional macroeconomic policy coordination.

57. Historically, there have been several attempts at such regional cooperation. The European Union provides a successful example of, on the one hand, full trade integration through the creation of the European Single Market and, on the other, macroeconomic and financial cooperation in its most developed form through the formation of the European Economic and Monetary Union (EMU). Throughout this process, particular emphasis was given to the development of strong institutions and

exchange-rate stability, which were considered the best way to foster trade integration. Later on, explicit convergence criteria, in the form of targets regarding inflation, long-term interest rates, national budget deficits, public debt and exchange rates (the Maastricht criteria), were established for candidate countries wishing to join EMU.

58. For developing countries, as for the European Union, one of the major incentives to engage in macroeconomic cooperation is the link between trade and macroeconomic cooperation. At the same time, developing countries have two further reasons for cooperation: to build stronger walls of defence against financial crises and to avoid "race to the bottom" or "beggar-thy-neighbour" competition among export-oriented economies.

59. While there is strong regional cooperation in development financing, notably through multilateral development banks, progress in regional macroeconomic and related financial cooperation has been limited so far. The existing initiatives have three basic components: macroeconomic policy dialogue and, ultimately, policy surveillance and consultation; liquidity support during crises; and exchange rate coordination.

60. With respect to the last objective, since the magnitude of shocks tends to be larger in developing countries, there is a tendency to eliminate or postpone exchange-rate coordination, with the exception of a few examples of monetary unions. Among them, the formal commitment to form a monetary union of the Gulf Cooperation Council and the Caribbean Community stand out, although there has not been much progress. Existing currency unions, such as the franc zone of sub-Saharan Africa, the West African Economic and Monetary Union (WAEMU) and the Central African Economic and Monetary Union, demonstrate the difficulties of such arrangements in the face of financial and political crises. In 2000, five members of the larger Economic Community of West African States (ECOWAS) agreed to create a West African Monetary Zone and merge this zone with the existing WAEMU in December 2005, but this was later postponed until December 2009. The experience with the franc zone shows that price stability among its member States was better than for neighbours in the region, but it performed only as a weak external mechanism of constraint and could not avoid banking crises in the 1980s or a 50 per cent devaluation of the CFA franc in 1994.

61. In the case of currency unions, one of the few success stories in the developing world is the Eastern Caribbean Currency Union (ECCU), which consists of very small economies with well-developed domestic banking systems. The quasi-currency board, pegging the United States dollar, is backed with a large effective reserve cover. The broader Caribbean Community committed itself to create a monetary union in 1990, but has not made significant progress.

62. The three major integration processes in Latin America — MERCOSUR, the Andean Community and the Central American Common Market — provide examples of mechanisms for macroeconomic policy dialogue. These initiatives have agreed on Maastricht-type criteria for economic convergence. Although intraregional trade is still limited and the integration of domestic financial markets has not progressed, these countries have experienced major negative spillover effects from the macroeconomic policies of neighbouring countries. This was particularly the case for MERCOSUR in the late 1990s. More explicit coordination

mechanisms, such as exchange-rate coordination and consultations in times of crises, could have helped to prevent those effects from becoming externalized.

63. In terms of liquidity financing, the Latin American Reserve Fund provides an important incentive for macroeconomic cooperation and shows that even a modest fund can contribute to balance-of-payments financing by providing countercyclical disbursements. In addition, such a mechanism can help to manage trade shocks and even mitigate the negative effects of abrupt reversals of capital flows.

64. The most developed initiative of this nature, following the Asian crisis, is the Chiang Mai Initiative, agreed in 2000 by the countries of the Association of Southeast Asian Nations (ASEAN) and China, Japan and the Republic of Korea. The member countries committed themselves to bilateral swap arrangements among their central banks in time of crises, currently amounting to $80 billion with 16 bilateral swap arrangements among eight countries. They also agreed on more explicit forms of policy dialogue, and a surveillance mechanism is being designed. The Initiative intends to play the complementary role to the services provided by IMF by linking the arrangements to the IMF programme. At the meeting that took place in early May 2007, finance ministers of the member States agreed to pool part of their foreign reserves and establish a multilateral currency-swap scheme. This reserve pooling arrangement will be self-managed, governed by a single contractual arrangement. With the integration of explicit policy coordination and exchange-rate stabilization, this initiative could evolve into a full-fledged monetary system.

65. Under the current international financial system, only a few specialized multilateral agencies provide the necessary services of liquidity provision and development financing, macroeconomic surveillance and consultation, and peer review of prudential regulation. Although experience is limited, the foregoing initiatives demonstrate that such arrangements can play an important role in strengthening the international financial architecture. As intraregional trade and investment flows have deepened the macroeconomic linkages among neighbouring countries, more explicit mechanisms for regional macroeconomic cooperation could limit the spillover effects of national policies. While IMF should continue to play a central role at the global level, its services could be enhanced through a network of institutions which provide those services at the regional level. In addition, regional funds could provide effective rescue mechanisms in the case of smaller and more local financial crises.

3. International development cooperation[7]

66. Official development assistance constitutes an important source of financial resources for developing countries, in particular for low-income developing countries. Although the relationship is not straightforward, aid has been a contributing factor in long-term development in many countries. Well-targeted programmes supported by aid, particularly in the area of infrastructure, education and health, can assist low-income countries in improving economic growth and making progress on poverty reduction.

[7] The role of global partnership for the reduction of poverty and hunger is elaborated on in the report of the Secretary-General entitled "Strengthening efforts to eradicate poverty and hunger, including through the global partnership for development", also submitted to the Council at its current session.

67. The aim of such assistance is to achieve a certain threshold level of infrastructure and human development through targeted public investment, after which the combined effect of economies of scale, complementarities and linkages is expected to generate self-sustaining growth, with private investment taking the lead. In order for aid to work effectively, it is necessary to channel such resources efficiently in the context of each country. At the same time, Governments of recipient countries should have the administrative capacity necessary to manage productive assets and resources in a way that generates cumulative improvements in income and productivity.

68. In recent years, there have been major commitments made by developed countries to increase their ODA. According to the recent estimates by the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD),[8] however, substantial efforts need to be made in order to meet the commitments made at the Gleneagles Summit of the Group of Eight and the 2005 World Summit: to increase aid by $50 billion in real terms between 2004 and 2010 and to double aid to Africa over the same period. In order to fulfil the current aid pledges, the core development programmes will have to increase in the coming four years at triple the rate of the current 4 per cent per annum, considering that debt relief and humanitarian aid are likely to decline. For Africa, they have barely increased since 2004, pointing to the urgent need for donors to accelerate their efforts. Effective follow-up and monitoring are needed to ensure fulfilment of those commitments. In addition, the macroeconomic policies of developed countries, including those relating to trade and foreign investment, need to be consistent with their aid policies to avoid unintended negative consequences for developing countries' efforts to implement the United Nations development agenda, including achievement of the Millennium Development Goals.

69. Stable aid flows to individual countries are required to facilitate the consistent implementation of national development strategies. The stability of aid could be improved through multi-annual agreements or multi-year predictability, with aid being channelled through national budgets. Multi-annual programming should ensure the continuous implementation of national development strategies and should give recipient countries more fiscal leeway, which could be used either for counter-cyclical measures or for development purposes, as circumstances dictate. An additional element of this multi-annual programming could take the form of financial insurance to cover macroeconomic risks, including the possibility of commodity price collapses or an aid shortfall.

IV. Conclusions and recommendations

70. **There are four key areas that are important for ensuring that sustained economic growth is pro-poor and leads to the realization of the internationally agreed development goals. First, macroeconomic policies should be broad-based in their approach. The starting point for such an approach is the adoption of a long-term, comprehensive development policy or national development strategy. Secondly, these long-term strategies should integrate**

[8] Statement by the Secretary-General of OECD and the Chairman of the OECD Development Assistance Committee at the meeting of the Development Committee of the World Bank and IMF in Washington, D.C., on 5 April 2007.

short-term counter-cyclical policies, which act as a buffer against business cycles and create fiscal space. Thirdly, such long-term strategies and macroeconomic policies need to be supported by predictable financial flows. Finally, macroeconomic policy coordination at the international and regional levels is essential for supporting the efforts of developing countries to achieve pro-poor sustained economic growth at the national level. There is a need not only for improving the existing mechanisms, but also for devising new ones.

71. **To pursue sustained economic growth that is pro-poor, the following measures should be considered:**

(a) **Countries should employ a broad-based and balanced approach to macroeconomic policies, including by developing and implementing national development strategies as envisioned at the 2005 World Summit;**

(b) **Concrete steps should be taken to build institutional capacities in developing countries. In supporting developing countries, international development partners, including the United Nations system, should work together to tailor their support for building institutional capacity to the specific needs of each country;**

(c) **There is a need to increase access to low-cost financing by developing countries in order to meet their investment needs for infrastructure and human development. Measures should include the development of insurance markets, as these can contribute to providing protection against the effects of fluctuations in exchange rates, interest rates and commodity prices;**

(d) **The international coordination of macroeconomic policies needs to be strengthened to improve the stability and efficiency of the global economy. The role of IMF in promoting multilateral consultations and in acting as a mediator needs to be strengthened, including by improving its governance structure;**

(e) **The central global role of IMF should be supplemented by regional coordination mechanisms and regional reserve funds;**

(f) **In order to prevent major global payments imbalances, a new, supranational currency based on the Special Drawing Rights should be considered in the long run. As a more immediate solution, an officially backed multi-currency reserve system could be promoted;**

(g) **Better follow-up and monitoring are required in order to ensure the fulfilment of the commitments made regarding official development assistance;**

(h) **The Economic and Social Council should promote refinement of the concept of "pro-poor growth" and the identification and implementation of measures to promote such growth in a sustained manner;**

(i) **The Council should also facilitate the sharing of experiences in promoting pro-poor sustained economic growth at the national level and within the United Nations system. Such sharing of experiences could take place through the annual ministerial review.**